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John Ingram on marketing

December 31, 1973

RAILWAY AGE

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1. How do you expect your company's total freight shipments in 1974 to compare with those of 1973?
Bigger ✓
Same
Smaller
2. In relation to your anticipated transportation needs in 1974, how do you expect your use of rail service to compare with 1973?
Relatively larger ✓
Same
Relatively smaller
3. Do you expect that the energy crisis will affect your transportation patterns in 1974? If so, how?
As the energy crisis deepens, more and more traffic will be shifted to rail by not only shippers but by motor carriers
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DECEMBER

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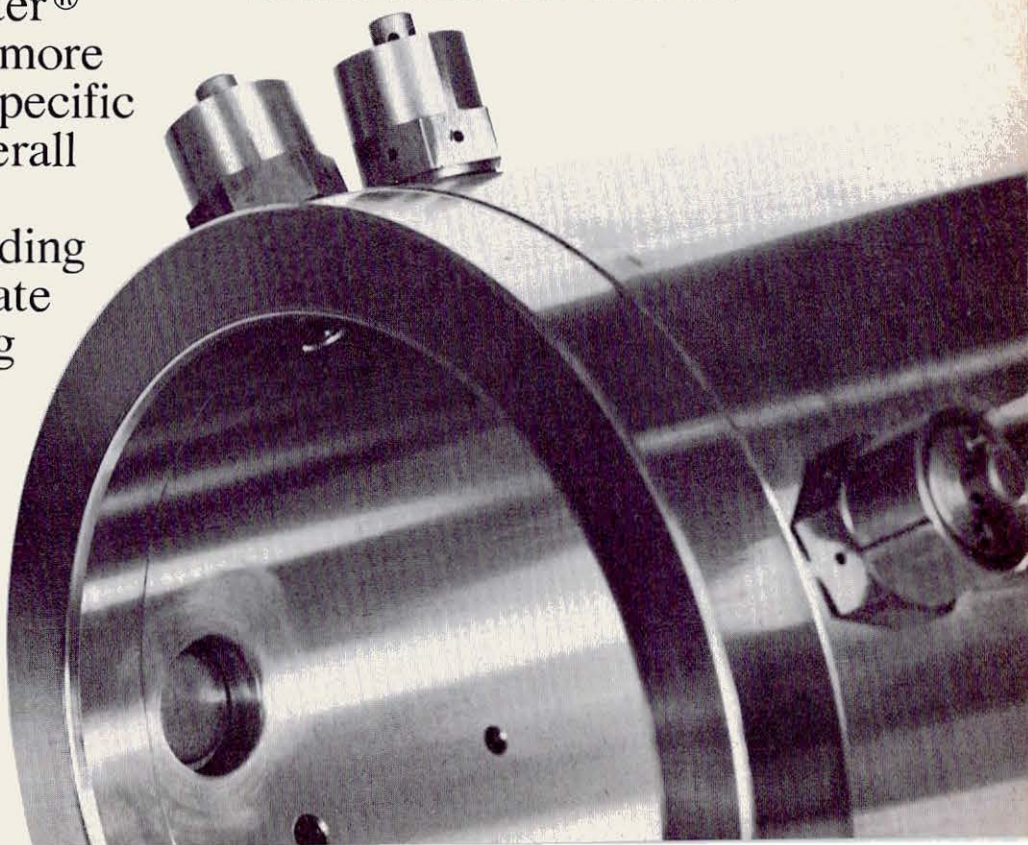

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Inside

LUTHER S. MILLER

"MORE AND MORE IN '74"

This is the season when motto-makers strain the mother tongue to its alliterative limits to compress their hopes for the New Year into a few punchy words. "Breakthrough in '72" was the rallying cry a couple of years ago. Few, apparently, heard it. "Home free in '73" had a nice ring about it these 12 months past. But it turned out to be a no-hit game—with railroads on the losing side.

Now it's time to try again. How about "More and more in '74"? More railroad freight, and more cars and locomotives to move it. More railroad passengers. More revenues. And, hopefully, more profits to plow back into the enterprise.

The first three of those now appear to be safely on the way, thanks to the inherent efficiency of steel-wheel-on-steel-rail transportation and the inherent inefficiency of rubber-on-concrete—both recognized, belatedly, as the nation began to run out of gas. Shippers polled by Railway Age early in December confirmed what others have been guessing at: There will, indeed, they say, be a surge of traffic from highway to rails in '74 and perhaps beyond (p. 18). New equipment is pouring in to handle the anticipated upturn: orders for freight cars this year have been placed at double last year's pace. The passenger picture, meanwhile, is the brightest it has been for several years.

Less likely to be on the upside are earnings—a problem which FRA Administrator John W. Ingram addresses himself to in the final installment of our 1973 series on Profit through Productivity (p. 26).

The fact is, as Ingram points out, that if railroads are to do more and more, in '74 or any year, they must have less and less of some things which they have had in super-abundance. Less restrictive regulation covers most of the bundle.

Just how the energy crunch will ultimately, if at all, alter the fortunes of railroads is an open question. Washington Editor Richard M.M. McConnell sums up our own hopes (p. 13): "While the railroads are hauling the nation out of an energy crisis, the nation could well haul the trains out of the railroad crisis."

BETTER FED THAN DEAD?

One thing we will be hearing more about in '74 is nationalization. Dr. Barry Commoner, the eminent plant physiologist and environmentalist, is the latest to leap upon the bandwagon, in the apparent belief that while Federal ownership may have its drawbacks, railroads will be better off Fed than dead. That railroads are "dead" seems indicated to the Commoners by the fact that only about 200 intercity passenger trains a day remain. Don't they ever think of the 10,000 freight trains a day that still ply the rails, and carry 39% of the nation's commerce with minimal impact on the environment? That's about double the proportion that the world's nationalized railways of which Dr. Commoner is so fond can boast.

Dr. Commoner is particularly concerned that the railroads, under continued private ownership, will prune away too much of the existing railroad plant. Dr. Commoner, of all people, should know—as the late Jim Lyne of this magazine so often pointed out—that you don't prune a plant to kill it, but to make it healthy and ever more fruitful.

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RAILWAY AGE

DECEMBER 31, 1973

FEATURES

This issue's cover design is by Railway Age Art Director Maurice H. Mates.

Shippers see bigger role for rails . . . . . p. 18

FRA's John Ingram discusses his views on marketing . . . . . p. 26

OSHA: What it's all about, how railroads are complying . . . . . p. 31

NEWS

BN, C&NW to build coal line . . . . . p. 8

Boeing Vertol low in CTA bids . . . . . p. 8

New purchases set Trailer Train record . . . . . p. 8

Santa Fe budget includes $38-million yard . . . . . p. 8

XF is not "extra fancy" . . . . . p. 8

BN to get most of QA&P . . . . . p. 8

AMSTED execs: Controls discourage expansion . . . . . p. 8

Railroads seek 5% rate hike . . . . . p. 8

DOT maps $2-billion railroad loan plan . . . . . p. 10

Fuel allocations are liberalized . . . . . p. 10

Railroads setting up box car pool . . . . . p. 13

GM formally in transit field . . . . . p. 16

OPINION

INSIDE "More and more in '74" . . . . . p. 5

LINES ON LABOR Not bad, for a year-old . . . . . p. 16

VIEWPOINT Unanimity on the energy crunch . . . . . p. 46

WATCHING WASHINGTON Railroads and the energy crisis . . . . . p. 13

DEPARTMENTS

Advertising Sales Offices . . . . . p. 45

Carloadings . . . . . p. 41

Industrial Traffic . . . . . p. 42

Market Outlook . . . . . p. 41

New Products . . . . . p. 37

People in the News . . . . . p. 42

Piggyback Loadings . . . . . p. 41

Suppliers . . . . . p. 42

Traffic Poll . . . . . p. 18

Short and Significant

BN, C&NW TO BUILD COAL LINE

Burlington Northern and Chicago & North Western have informed the ICC they have reached "agreement in principle" to jointly build and operate a 100-mile rail line in Converse and Campbell Counties, Wyoming. The two roads had earlier filed for ICC approval of separate lines. The Commission said the agreement was intended to "minimize environmental impact and speed-up relief of the nation's energy shortage." The new line will open up low-sulfur coal reserves.

BOEING VERTOL LOW IN CTA BIDS

Boeing Vertol, with a bid of $29,321,300, is the apparent low bidder on an upcoming Chicago Transit Authority order for 100 air-conditioned stainless steel rapid transit cars. Only other bidder was Rohr, at $32,819,000. CTA took the bids under study, with no immediate indication as to when an award will be made. After the order is placed, it will take about 21 months for delivery of a prototype, with delivery of the full order to be made within 31 months.

NEW PURCHASES SET TRAILER TRAIN RECORD

The past year has been a record-shattering year for piggyback and other forms of flat car traffic—and also for purchases of flat cars themselves. A $43.5-million program announced recently by Trailer Train calls for the addition of 1,956 flat cars, and sends the total number of cars approved for purchase this year to 9,859. That's an all-time one-year record for Trailer Train, and the expenditures for the new additions to the TTX fleet this year are also setting a record. Of the 1,956 cars approved for purchase, 600 are intermodal cars, 1,181 are new automobile and auto frame carriers, and the remaining 175 specialized cars are for hauling lumber and steel products. Deliveries are scheduled for the first three quarters of 1974. Carbuilders sharing in the orders are ACF, Bethlehem Steel, Pullman-Standard and Thrall.

SANTA FE BUDGET INCLUDES $38-MILLION YARD

Santa Fe Industries will have 1974 capital expenditures of $220 million, up 10% over 1973; the transportation division's '74 allocation of $166 million is up $16 million. A $38-million, 48-track classification yard is to be built at Barstow, Cal., capable of handling 2700 cars per day. In addition to 1,900 freight cars and 171 new and rebuilt locomotives announced earlier, Santa Fe has tacked on 90 more cars, 650 piggyback trailers and 36 tractors, 358 miles of welded rail, and will make improvements in piggyback terminals and communications facilities.

XF IS NOT "EXTRA FANCY"

A new car designation, XF, has been approved by the AAR Car Service Division and refers to "box car, unequipped, similar in design to XM (general-service box car), specially prepared with an interior coating to prevent contamination for the transportation of processed foods." The XF concept was developed by the traffic committee of the Grocery Manufacturers Association, in cooperation with the railroads. Santa Fe, which played a key role in development of the XF car, is modifying 200 of its XM cars to qualify them for the new designation.

BN TO GET MOST OF QA&P

The ICC willing, all but about six miles of the 110-mile Quanah, Acme & Pacific will soon be a part of Burlington Northern, to be operated by BN subsidiary Fort Worth & Denver. BN will acquire the 104 miles between Acme and Floydada, Tex., from QA&P, a wholly-owned subsidiary of Frisco, for approximately 87,700 shares of BN common stock. QA&P will continue to operate between Quanah and Acme. BN says the 104 miles of QA&P will be used to replace a branchline segment of FW&D which sustained serious tunnel damage earlier in 1973.

AMSTED EXECS: CONTROLS DISCOURAGE EXPANSION

Wage/price controls have failed to stem the tide of inflation, claim Joseph B. Lanterman, chairman, and Goff Smith, president, of AMSTED Industries—but, the controls *are* succeeding in discouraging industries from undertaking expansion programs which might provide relief from current materials and supplies shortages. The two executives, whose firm is a major supplier of railcar and locomotive components, say that the controls "have become ineffective in stemming the supply/demand pressures that have occurred during the past year." They go on to say in their year-end statement that the controls have created "an environment where misallocation of resources is taking place.

RAILROADS SEEK 5% RATE HIKE

Western, eastern and southern railroads have now joined in petitioning the ICC for a 5% general freight-rate increase. The Commission, meanwhile, issued an order Dec. 13 providing that "increases in interstate surface transportation rates that reflect rising costs of fuel can be made effective with as little as 10 days' notice by the carriers involved." The time period formerly required was 30-45 days.

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Southern Pacific

—the transportation company that does things first.

DOT maps $2-billion railroad loan plan

While Congress was completing work on the Northeast railroad bill, the Department of Transportation in mid-December was putting the finishing touches on another set of proposals designed to strengthen the non-bankrupts. The deregulation aspects of the DOT plan have been widely publicized. Less publicity has been given to the loan-guarantee provision.

That provision, as it stood in a late-year draft, called for Federal loan guarantees up to $2 billion at any given time "for the purpose of financing the acquisition, construction, maintenance or development of the following railroad facilities and equipment:

"(i) Track and roadbed subject to traffic usage of at least 5 million gross ton-miles per mile of road per year.

"(ii) Electrical, communication, and power transmission systems.

"(iii) Signals.

"(iv) Terminal facility modernization and consolidation.

"(v) New and rebuilt rolling stock."

The loan-guarantee section of the proposal differs from earlier DOT plans in that it would make the money available for non-rolling stock purposes. The proposed bill itself differs from earlier versions in that it deals solely with railroads. An earlier version, for example, contained a provision for easier entry into trucking.

For a railroad to qualify for a loan guarantee for fixed-plant improvements, the Secretary of Transportation would have to find that:

"(i) The management of the railroad is actively pursuing programs designed to upgrade and develop plant facilities and operations as necessary to fulfill its obligations as a common carrier.

"(ii) The prospective earning power of the railroad together with the character and value of the security pledged, if any, furnish reasonable assurance that the railroad will be able to repay the loan within the time fixed and affords reasonable protection to the United States in the event of a default.

"(iii) The activity to be financed under the guarantee will enhance the efficiency of rail operations.

"(iv) The prospective borrower has demonstrated to the satisfaction of the Secretary that credit is not otherwise available on reasonable terms.

"(v) The interest rate on the obligation to be guaranteed is a reasonable rate, taking into consideration the range of interest rates prevailing in the private market for similar obligations."

To qualify for a rolling-stock loan, a railroad would have to show that the acquisition or rebuilding "is justified by the present and future need for rolling stock" and that "the probable value of the rolling stock will provide reasonable protection" in the event of a default.

In approving all loans, the Secretary is instructed to take into account "the potential for intermodal connections and substitutions and for improved utilization of freight cars, the relationship of the proposed improvement to other improvement plans of the railroad, the contribution of the improvement to improved rail transportation service both for passengers and for shippers, and the contribution of the improvement to the efficiency of the railroad."

A separate provision calls for authorization of a $35-million appropriation to enable the Secretary "to conduct research and development into the design of a national rolling stock scheduling and control system which, utilizing advanced computer and communication techniques, would be capable of locating and expediting the movement of rolling stock on a national basis." Two years after passage of the bill, the Secretary would give Congress his recommendations for developing and funding such a system.

Approval of the Northeast bill by House/Senate conferees on Dec. 19 cleared the way for submission of the DOT plan to Congress, probably in January. As finally drafted, the Northeast bill provided for creation of the United States Railway Association to form a new core system in the Northeast, and the Consolidated Rail Corporation to operate it. Of the $1.5 billion in loan guarantees authorized, one-third would be earmarked for Northeast corridor improvements. Other provisions include $85-million in interim operating aid.

Fuel allocations are liberalized

Initial proposals for rather drastic restraints on fuel consumption by diesel locomotives have been relaxed in Federal allocations which were to become effective Dec. 27. The Office of Petroleum Allocation is allowing railroads to obtain 100% of their current fuel needs for transporting fuel and passengers, and 110% of their monthly 1972 fuel volumes for all other purposes. Earlier OPA's Energy Policy Office had proposed 100% of current needs for fuel and passenger transport, 100% of 1972 monthly volumes for moving food and related farm and commercial fishing products, and 90% of monthly 1972 fuel for other cargo.

AAR then filed a statement with OPA indicating that proposed "middle distillate" fuel allocations for railroads were too low. AAR General Solicitor Carl V. Lyon had warned that providing railroads with amounts of fuel lower than their 1972 consumption would not permit them to handle current levels of traffic, "much less meet any increases."

The allocation program, says OPA, "assumes that petroleum supplies will fall short of unconstrained demand at current prices over a period of years." Allocation is viewed as a temporary expedient to prevent "economic excesses" during "a period of transition to a more stable long-term solution." OPA is establishing a "refinery yield control program" which initially would require each refiner to produce a total amount of gasoline not greater than 95% of that produced during the 1972 base period.

Reduction in gasoline production is aimed at increasing output of middle distillates, including diesel fuel. OPA gives first priority to its Category I allocations—fuel production, public ground transportation, and space heating (subject to mandatory temperature reductions). All these receive 100% of current requirements with some restriction on massive increases. Emergency, communication, sanitary and medical services are to receive 100% of 1972 usage. After Category I needs are met, Category II users will receive their allocations. Category II includes agricultural production, industrial and manufacturing activities, and freight and mail handling. All these will receive 110% of their base period (1972) volumes. Regional offices will have the power to adjust base period allocations for operations which have had a substantial increase in business since 1972.

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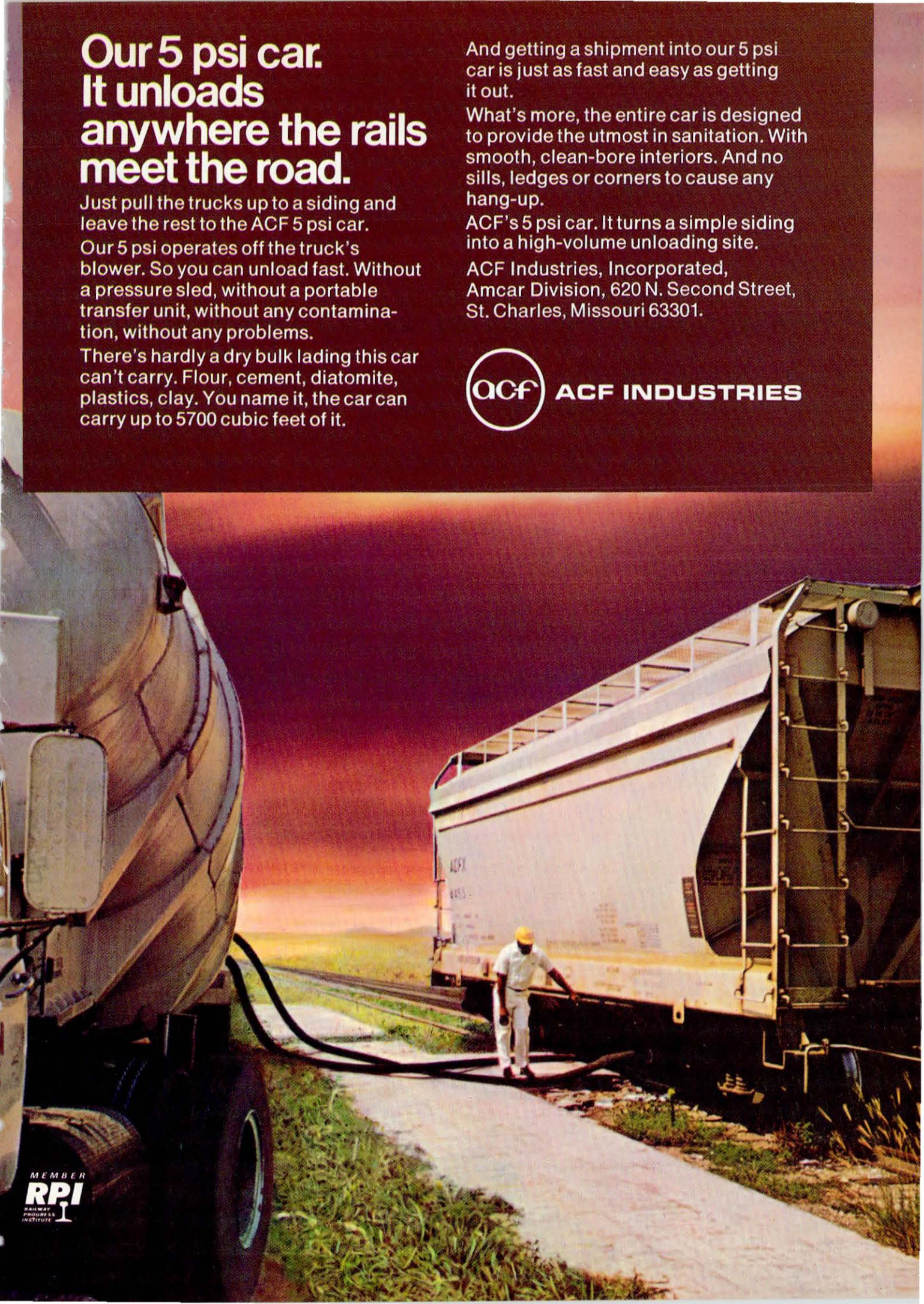

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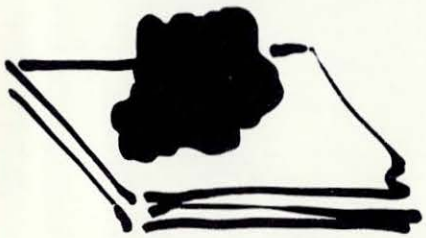
Petroleum and You (A History of the Former)

Chapter Seven: The Vista Before Us

By the end of World War II oil production in the Middle East was 89% higher than in 1938, a statistic which reflected the United States' growing interest in developing world-wide petroleum sources, a trend that has continued to this day.*

With the postwar years have come gravitational, magnetic and seismic methods by which geophysicists can determine whether further exploration will result in a profitable oil strike, or at the very least a handsome paperweight for the office.



Alternative to profitable oil strike.

In the 1960s advanced instrumentation further revolutionized the refinery process. And along with this, in the 1970s, came the development of hydrocracking and isomerization—two revolutionary catalytic processes which are not only highly efficient, but don't need a lot of cleaning up afterwards.

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The layman is apt to attribute the tremendous growth of the petroleum industry in this century solely to the proliferation of the automobile, even though proliferating an automobile is still against the law in three states. However, the fact remains that since the dawn of the industrial revolution a myriad of petroleum products other than gasoline have come into their own. Indeed the entire concept of mass production relies heavily on lubricants, greases, cutting oils for drilling and grinding, as well as fuels to heat industrial plants and office buildings alike. In addition to this, one must in all good conscience include the fuels for the ships, trucks and trains which transport the finished product to the marketplace—and back to the factory again if it's the wrong size or turns out not to match the rug.

Hard-to-match rug.

Meanwhile as the 1970s swing into full gear the demand for petroleum continues its upward spiral. Consumption is presently in the neighborhood of 1,500,000,000 gallons per day. Moreover, it is estimated by some that by the year 2000 petroleum needs will be fully three times that of just ten years ago. Such a challenge might well set a lesser industry on its collective ear, yet the petroleum industry has thus far not only kept its ear unscathed, but continues to move—and here is where our story really begins—forward.

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Railroads setting up box-car pool

A pool of general-service 50-foot box cars, expected to cost $180 million initially, is being established by the railroads. The concept, patterned after the successful flat-car operaation of Trailer Train, has already been endorsed by the AAR board of directors. Trailer Train has indicated that it is ready to operate the box-car fleet.

It is proposed that 10,000 wide-door cars be acquired to start the new pool with financing guaranteed by a number of larger railroads with strong credit ratings. AAR President Stephen Ailes pointed out that "the implementation of this concept will aid those railroads which have been financially unable to acquire sufficient quantities of new cars of this type to meet the needs of their customers and will improve the service rendered by the industry as a whole."

The 50-foot box car has been in short supply for a number of years despite individual railroad efforts to augment the fleet. Over the past five years railroads have made a net increase of 20,000 of these cars, representing an 18% expansion.

While the idea of such a pool is not new, it is believed that it was given new impetus by legislative proposals for establishing a government-owned and operated fleet of this equipment.

The AAR plan was developed by a task force of eight railroad presidents under the chairmanship of W. Graham Claytor, Jr., of the Southern. Claytor termed the endorsement by the AAR board as a major breakthrough in meeting the dual goals of "improving both the utilization and capacity of the nation's freight car fleet at a time when increasing traffic is coming to the railroads because of their inherent cost advantages and efficient use of fuel."

Trailer Train President Curtis D. Buford said the pool could be put into operation promptly after obtaining whatever ICC approval is required and with delivery of the cars. Because of the large backlog currently facing carbuilders, it is expected that box cars could not be delivered until late in 1974.

The pool cars could be loaded to any destination by participating roads, improving utilization substantially over that resulting from the present requirement that cars be returned to owners. The rules are designed to return cars to owners to protect originated traffic.

Per diem rates, paid to the new entity by railroads using the cars, would be set to cover costs of acquiring and maintaining the cars, as well as providing sufficient return to permit expanding the pool.

Watching Washington

R.M.M. McCONNELL

RAILS AND THE ENERGY CRISIS

In the last few months, the value of the railroads in helping to pull the country out of its energy crisis has almost become a cliche. Conservationists, environmentalists, industrialists, and commuters have turned to the railroads with the publicized hope that years of neglect haven't been taken too seriously, and that the railroads have been waiting with engines running on sidings all over America for the call to action.

Unfortunately, that attitude was fine when the train waiting for the call was "The Little Engine that Could." Locomotives that run on determination don't have to worry about fuel shortages, rusting tracks, and unstable roadbeds. In short, the railroads do represent a good—if partial—solution to the energy/environmental crisis; but their potential could be easily overestimated by a public unfamiliar with the industry's needs.

Of course, this has its brighter side, too. Once potential railroad users realize that the railway system is a long way from perfection, they may pitch in to improve the situation. And this translates into the kind of attitude Washington understands: public opinion, or—as the economists put it—the demand of the marketplace. For years, railroads have watched other carriers take over both freight and passenger traffic.

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"We regard the establishment of this new operating division as a most significant illustration of GM's response to the needs of the public as well as the corporation's readiness to venture toward further growth possibilities in transportation."

Railroads setting up box-car pool

A pool of general-service 50-foot box cars, expected to cost $180 million initially, is being established by the railroads. The concept, patterned after the successful flat-car operaation of Trailer Train, has already been endorsed by the AAR board of directors. Trailer Train has indicated that it is ready to operate the box-car fleet.

It is proposed that 10,000 wide-door cars be acquired to start the new pool with financing guaranteed by a number of larger railroads with strong credit ratings. AAR President Stephen Ailes pointed out that "the implementation of this concept will aid those railroads which have been financially unable to acquire sufficient quantities of new cars of this type to meet the needs of their customers and will improve the service rendered by the industry as a whole."

The 50-foot box car has been in short supply for a number of years despite individual railroad efforts to augment the fleet. Over the past five years railroads have made a net increase of 20,000 of these cars, representing an 18% expansion.

While the idea of such a pool is not new, it is believed that it was given new impetus by legislative proposals for establishing a government-owned and operated fleet of this equipment.

The AAR plan was developed by a task force of eight railroad presidents under the chairmanship of W. Graham Claytor, Jr., of the Southern. Claytor termed the endorsement by the AAR board as a major breakthrough in meeting the dual goals of "improving both the utilization and capacity of the nation's freight car fleet at a time when increasing traffic is coming to the railroads because of their inherent cost advantages and efficient use of fuel."

Trailer Train President Curtis D. Buford said the pool could be put into operation promptly after obtaining whatever ICC approval is required and with delivery of the cars. Because of the large backlog currently facing carbuilders, it is expected that box cars could not be delivered until late in 1974.

The pool cars could be loaded to any destination by participating roads, improving utilization substantially over that resulting from the present requirement that cars be returned to owners. The rules are designed to return cars to owners to protect originated traffic.

Per diem rates, paid to the new entity by railroads using the cars, would be set to cover costs of acquiring and maintaining the cars, as well as providing sufficient return to permit expanding the pool.

Watching Washington

R.M.M. McCONNELL

RAILS AND THE ENERGY CRISIS

In the last few months, the value of the railroads in helping to pull the country out of its energy crisis has almost become a cliche. Conservationists, environmentalists, industrialists, and commuters have turned to the railroads with the publicized hope that years of neglect haven't been taken too seriously, and that the railroads have been waiting with engines running on sidings all over America for the call to action.

Unfortunately, that attitude was fine when the train waiting for the call was "The Little Engine that Could." Locomotives that run on determination don't have to worry about fuel shortages, rusting tracks, and unstable roadbeds. In short, the railroads do represent a good—if partial—solution to the energy/environmental crisis; but their potential could be easily overestimated by a public unfamiliar with the industry's needs.

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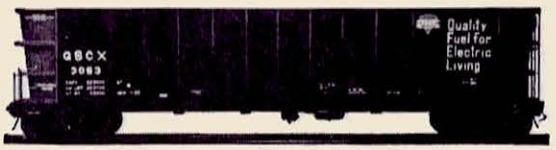

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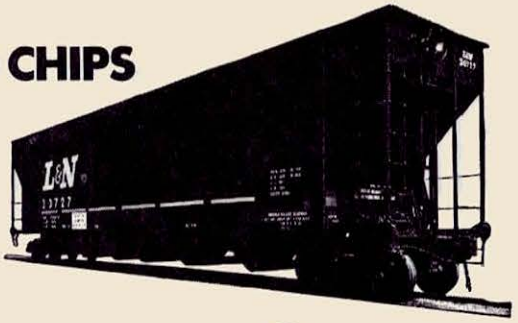
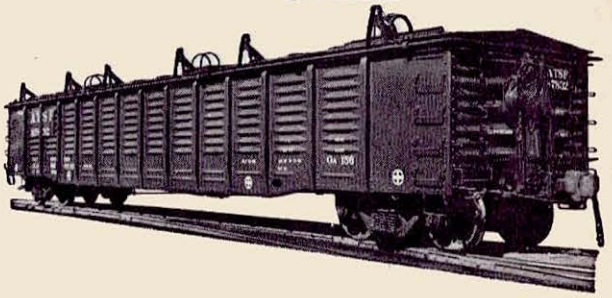
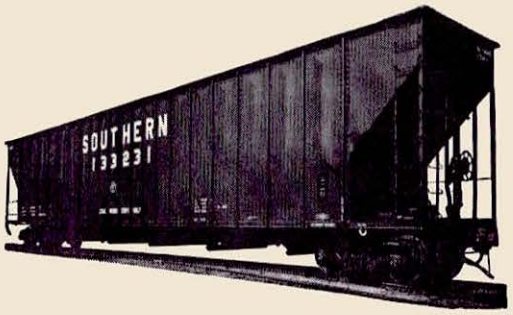


STEEL





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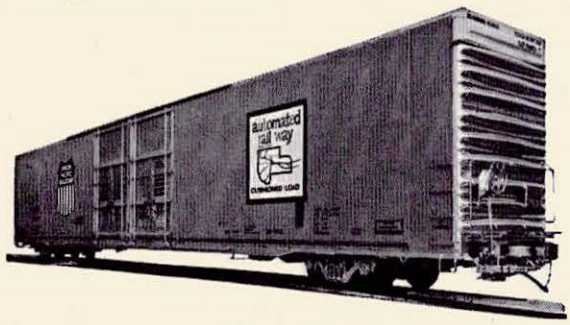

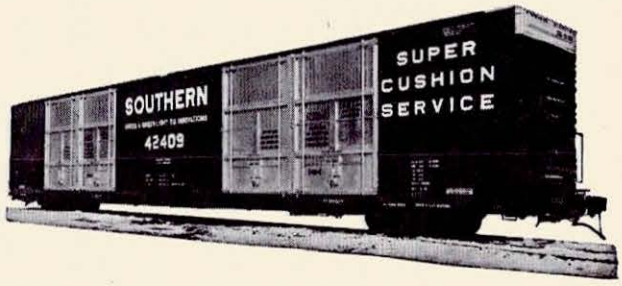

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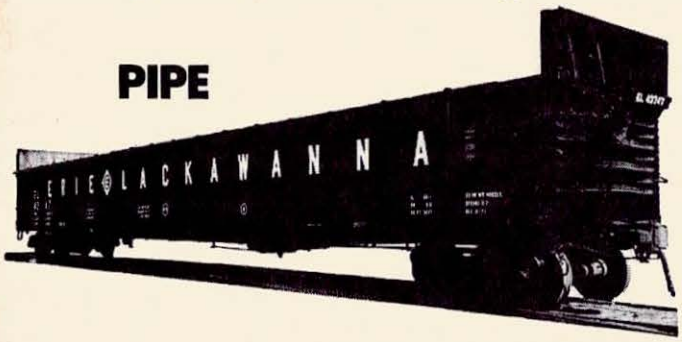

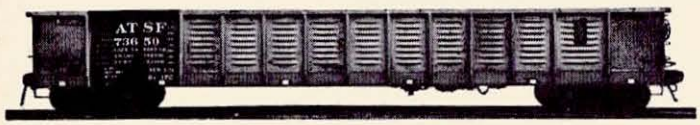

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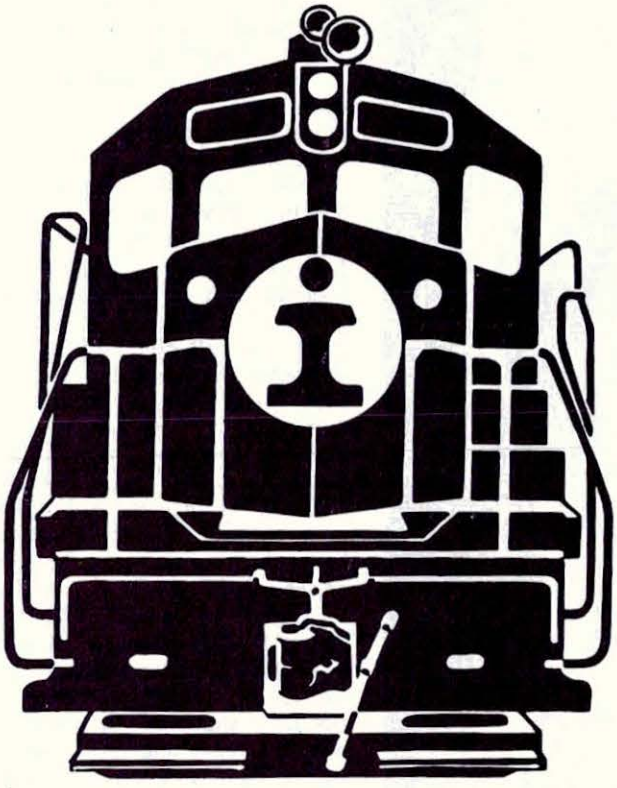

This is the Dixie Connection

It's the Illinois Central Gulf's new service between Kansas City and Montgomery, and it's got a lot of things you want in a train. Fast, dependable schedules. Direct service for all traffic between Kansas City and Montgomery proper, bypassing terminals. Shipments go all the way on the ICG in the same train. That saves time. Our new train gives you great connections between California points and the Southeast, with run-through service with the Santa Fe at Kansas City and the Seaboard Coast Line at Montgomery. It also offers good connections to other ICG trains serving the South.

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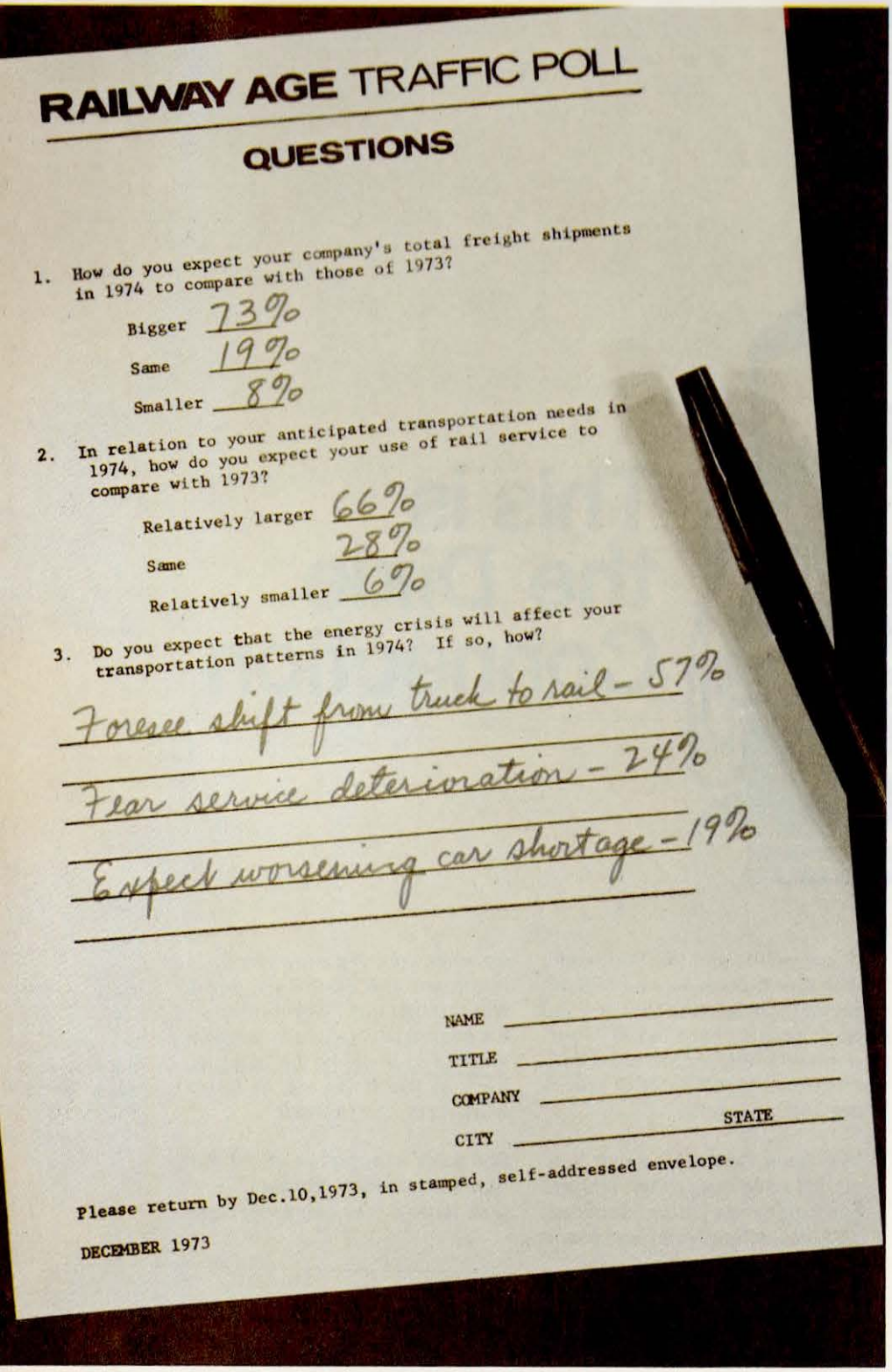
Shippers see bigger role for rails as



RAILWAY AGE TRAFFIC POLL

QUESTIONS

1. How do you expect your company's total freight shipments in 1974 to compare with those of 1973?

Bigger 73%
Same 19%
Smaller 8%

2. In relation to your anticipated transportation needs in 1974, how do you expect your use of rail service to compare with 1973?

Relatively larger 66%
Same 28%
Relatively smaller 6%

3. Do you expect that the energy crisis will affect your transportation patterns in 1974? If so, how?

Foresee shift from truck to rail - 57%
Fear service deterioration - 24%
Expect worsening car shortage - 19%

NAME
TITLE
COMPANY
CITY STATE

Please return by Dec.10,1973, in stamped, self-addressed envelope.

DECEMBER 1973

Everybody has been saying it—in Congress, on TV talk shows, in newspaper editorials: Since railroads can move three or four times as much freight with a gallon of diesel fuel as truckers, the deepening energy crisis should result in a substantial diversion of shipments from highway to rail. Now shippers have confirmed it. There will be a diversion, they say, and it could be of major proportions.

But they are troubled by two big questions:

—Will railroads be able to muster the equipment to do the job?

—Will railroad service sag under the weight of new burdens of traffic?

● **High traffic levels seen.** Relatively few of the 97 shippers surveyed by Railway Age early in December expected their own production lines to be severely affected by the energy shortage. Seventy-three per cent said they expected their total freight shipments in 1974 to be bigger than in 1973. Sixty-six per cent said their use of railroad service would be relatively larger in '74 than in '73. Fifty-seven per cent foresaw a shift of freight from highway to railroad as a direct outcome of the energy crunch.

Typical of the responses to Railway Age's December Traffic Poll was that of W.L. Weart, corporate traffic manager of Tee Pak, Chicago. "It is my own opinion that as the energy crisis deepens, more and more traffic will be shifted to rails by not only shippers, but motor carriers in an effort to get freight moved with a minimum expenditure of fuel," said Weart. But he warned that the degree to which railroads are able to capitalize on this situation will depend to a large extent on equipment availability. While he praised the efforts of railroads to meet his own company's needs, he went on to say:

"The trailer supply continues to remain extremely critical and very tight. There have been instances where loads have had to be forwarded by our motor carriers since no trailers were available."

Whoever gets the freight, Weart expects no totally satisfactory solution. "We have already," he said, "forewarned our marketing and purchasing groups that they should expect and plan for considerable dislocations in our normal transportation activities. Lead time for raw materials and deliveries of finished goods will stretch out and it is my opinion that during January, February, March and April of 1974, we will see even more problems."

● **Sizing up '74.** Here—in their own words—is how some of the nation's

The energy crisis deepens

leading shippers size up the transportation situation in 1974:

"We expect to divert a significant portion of our traffic from motor common carriage and private fleet operations to rail carriage under standard and TOFC plans."—Roland Ronshausen, assistant to the director of transportation, Outboard Marine Corp., Waukegan, Ill.

"Considering available information which states rails can move more freight on 50% of the energy required by trucks, we will explore ways to increase rail participation in the interest of energy conservation."—C.C. Cory, transportation manager-pricing, Firestone Tire & Rubber Co., Akron, Ohio.

"More traffic moving by motor will shift to rail."—Joseph R. Erwin, director of traffic, Jos. Schlitz Brewing Co., Milwaukee.

"Many or our private carrier shipments will convert to Plan II and Plan IV operations."—J.W. Syme, traffic manager, Sears, Roebuck & Co., Alhambra, Calif.

"There will be a reversal of the trend toward motor carrier use, and a return to rail."—R.H. Henert, corporate distribution and planning manager, Quaker Oats Co., Chicago.

"We see the trucking industry getting hit the hardest. This may force us to divert to rail carload and TOFC service. Our biggest concern is whether the rails have the capacity to adequately service this new surge of business."—Philip Catalano, traffic and distribution manager, Steelcase, Inc., Grand Rapids, Mich.

"If the motor carriers are restricted upon the amount of fuel they can get, I'd suspect that much of their tonnage will be moving by rail in piggyback service. This could have an impact on all rail service."—R.P. Clinton, traffic manager, Honeywell, Inc., Minneapolis.

● **Coal car shortage?** "The demand for coal has already significantly increased. However, it is vitally important that there be corresponding increases in cars and motive power to move the coal."—Dwight L. Koerber, executive director, Coal Traffic Bureau, Pittsburgh.

"Lack of fuel would probably provide the opportunity for railroads to increase their share of our traffic, but after discussions with a number of railroad executives it appears they do not have the equipment or service schedules required by our industry."—R.A. Propf, director, transportation and distribution, George A. Hormel & Co., Austin, Minn.

"We would expect that rail will have to consolidate and cut back on service. We also expect to see more of the long-haul motor carriers going to rail piggyback."—L.W. Good, rail service supervisor, Green Giant Co., La Sueur, Minn.

"We expect trucking costs to increase at a faster rate than rail costs, so will divert tonnage from truck to rail, provided availability of rail equipment holds up."—Stanley Parker, traffic manager, Pacific Lumber Co., Scotia, Calif.

● **"A year of opportunity, if—."** "I expect to see ever more truckload traffic diverted to TOFC and COFC and even some diverted to rail carload as long as the right kind of equipment is available at the right place at the right time. This should be a year of opportunity for the rails—if they handle the situation with aggressive intelligence."—Dana Throckmorton, traffic manager, Federal Warehouse Co., Peoria, Ill.

"The energy crisis will play an important role in our distribution planning for 1974. Where the plant and equipment of rail carriers will accommodate it, they will gain important volumes of traffic, both in piggyback and standard boxcar service. Accommodation to customer distribution patterns, shortening of market areas, emphasis on efficiency and utilization of equipment and manpower will all aid in the optimum use of our energy units available."—R.L. Kendall, general traffic manager, Inland Container Corp., Indianapolis, Ind.

"Increased cost of fuel, longer transit times because of slower highway speeds, and increased labor costs all should affect the percentage of expected truck freight-rate increases. Any existing rate differentials probably will be further increased between box car/TOFC and truck rates. We therefore anticipate an increase in the use of rail services by our company and industry in general. It is hoped that the railroads can furnish suitable equipment and maintain more consistent transit times that will be required to attract and retain these expected changes in transportation patterns."—Pater J. Sullivan, director of distribution, Gerber Products Co., Fremont, Mich.

"Many of our stock transfers are being diverted to box car and TOFC. Our fleet of assigned cars is being enlarged to accommodate regular moves with free runners and TOFC in less frequent moves. We would, however, like to see faster action in commodity rate adjustments for new moves and more practical pallet return provisions in TOFC."—B.S. Molnar, traffic specialist, Whitehall Laboratories, New York.

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W.L. Weart, Tee Pak, Inc.

"Many of our private-carrier shipments which now move by highway will convert to TOFC."

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"We expect to see more of the long-haul motor carriers going to railroad piggyback."

L.W. Good, Green Giant Co.

"To conserve energy, we will explore ways to increase rail participation."

C.C. Cory, Firestone Tire & Rubber Co.

"Trucking may ultimately be limited to short hauls, piggyback, fishyback or rush shipments."

D.J. Russell, Minneapolis Grain Exchange

"We expect trucking costs to increase at a faster rate than rail costs."

S.L. Parker, Pacific Lumber Co.

"Long-haul trucking (over 300 miles) will be severely restricted."

R.E. Harridge, Agway, Inc.

(continued on page 22)

Working the hopper

Build in more versatility, greater economy, with the USS Family of Steels.

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"We must minimize over-the-road trucking and look to substitute rail service"

"It may be necessary to sacrifice service and use rail more, because a ton mile of freight is moved more economically by rail."—George G. Outlaw, traffic supervisor, Liggett & Myers, Inc., Durham, N.C.

● **Grain will stay strong.** "Present heavy domestic and export grain movement is likely to continue through and beyond 1974. So will the 'energy crisis.' Rail and water carriers use energy more efficiently than trucks, are less labor-intensive and cause few environmental problems. There will be a need for every grain or coal-carrying railroad car or barge that can be built; trucking may ultimately be limited to short hauls, piggyback, fishyback or rush shipments."—D.J. Russell, director of transportation, Minneapolis Grain Exchange, Minneapolis.

"Long-haul trucking (over 300 miles), and particularly of export commodities, will be severely restricted by both fuel allocations and speed limits. We must anticipate minimizing over-the-road trucking and look to substitute rail service."—R.E. Harridge, director of transportation, Agway, Inc., Syracuse, N.Y.

"I think our total business may decrease somewhat because of higher prices. By the same token, I believe the energy crisis will force a transfer of traffic to rail."—Howard Gabriel, general traffic manager, Hershey Foods Corp., Hershey, Pa.

"There will probably be some diversion from our own truck fleet to rail piggyback. This increase in rail will be offset to some extent by diversion to truck from carload of some critical raw materials."—K.J. Sutherell, director of traffic, Sherwin-Williams Co., Cleveland.

"I imagine that a great stress will be put on the motor carrier industry and they will be faced with many delays in service. I envision greater use of piggyback by many and much more development of warehousing in close proximity of market areas, leading to increased rail tonnage and greater use of short-haul motor carrier."—Henry M. Karel, director of distribution, Cleo Wrap Corp., Memphis, Tenn.

"There will be upward cost pressure on all private carriage and subsidiary steamship operations [and] diversion of some marginal private carriage to rail piggyback."—J.C. Plankinton, manager of transportation, Crown Zellerbach Corp., San Francisco.

● **Truckers will pick and choose.** "Motor carriers will become increasingly selective in their selection of shipments. Since we move only low-rated commodities, we will become dependent upon piggyback service. Hopefully the rail carriers will be able to supply trailers and pig flats to handle increased demands."—W.A. Brown, traffic manager, Abex Corp., New York.

"We anticipate heavier reliance on rail carriers. Motor carriers are already being selective on freight depending somewhat on revenue, destination and balanced schedules to eliminate any empty miles."—E.S. Rosenzweig traffic manager, Longview Fibre Co., Longview, Wash.

"We expect that truck service (rates and service frequency) will worsen relatively more than will rail service."—J.M. Benson, distribution manager, Hiram Walker & Sons, Inc., Windsor, Ont.

"We will have to look at use of consolidations to move via piggyback if the motor carriers are forced to cut back service due to a fuel shortage."—W. Messenger, traffic manager, Carson Pirie Scott & Co., Chicago.

"The year 1974 will see some of our large orders moving via rail that would have moved by motor carrier had the fuel shortage not come about."—H.M. Neubert, general traffic manager, American Olean Tile Co., Lansdale, Pa.

"Much of present highway movement will be diverted to rail in order to conserve energy."—W.E. Harvey, general traffic manager, Swift Fresh Meats Co., Chicago.

"Many motor carriers are finding and will continue to find fuel unavailable and high priced. This will reflect in the rates, eventually. More traffic will move over to rail."—Robert J. Kearney, general traffic manager, Celotex Corp., Tampa, Fla.

"There will be increased participation by rail and barge, decreased participation by truck."—Kenneth L. Vore, vice president-traffic and transportation, U.S. Steel Corp., Pittsburgh.

● **Delays feared.** "We do not anticipate too much change in transportation from our manufacturing points to the 75 warehouses throughout the country, but we do anticipate delays of from two to three days from these warehouses to our customers."—Charles F. Hardy, American Tobacco Co., Richmond, Va.

"At the present time it is very difficult to be definite on how the energy crisis will affect this company. Rail transportation will be considered very strongly in solving this critical problem."—D. Scheiner, supervisor traffic, Marquardt Co., Van Nuys, Calif.

● **Alibi for poor service?** "There is a slight fear that the 'energy crisis' may be used as an alibi for poor service, or increase in rates, or other deviation from the norm, when actually the causative factor will be from wholly different sources."—J.L. Bergen, traffic manager, Uncle Ben's Inc., Houston.

"If diesel fuel supplies are reduced as forewarned, many small carriers now utilized will be hard pressed to continue the same level of service. We expect rail piggyback service will be overloaded—we may move to more carload (where consignees have sidings). Consolidated shipments will be mandatory, perhaps between industries to a substantial extent."—J.P. Nelligan, general traffic manager, American Standard, Inc., New Brunswick, N.J.

"We anticipate higher costs and service difficulties."—Randall W. Kirk, vice president and general traffic manager, United Aircraft, East Hartford, Conn.

"We expect more traffic to more via rail, provided rails adjust their rates to meet competitive modes. Rails should be able to more efficiently utilize available energy fuels."—T.E. Nast, traffic manager, CF&I Steel Corp., Pueblo, Col.

"I foresee increased use of box car and TOFC shipments."—A.A. Jara, traffic manager, Admiral Corp., Chicago.

● **Some will have less to ship.** A number of companies, themselves susceptible to fuel and other shortages, are more concerned over problems of production than of shipping. For example:

"Present shortages in Sun's crude oil supply prevent our refiners from operating at the desired capacities. This will reduce production and the quantity of manufactured products to be tendered in commerce. The situation is already seriously affecting many of our customers."—H.W. Mathues, manager rail rates and services, Sun Oil Co., Philadelphia.

"Our markets will be affected as they pertain to a changing trend in consumer buying of automobiles and other items related to fuel usage. Energy shortages also may result in curtailment or closing of supplier operations requiring changes in sources, modes of transportation, etc."—John A. Faller, general director purchasing and traffic, Libbey-Owens-Ford Co., Toledo.

"A widespread cutback in auto sales and manufacturing. . .could greatly reduce volumes in one of our larger divisions thus causing our shipments to be greatly reduced. Other slowdowns in various other parts of the overall economy could adversely affect other divisions of our corporation."—R.H. Heilman, corporate director of transportation and distribution, A.O. Smith Corp., Milwaukee. ■

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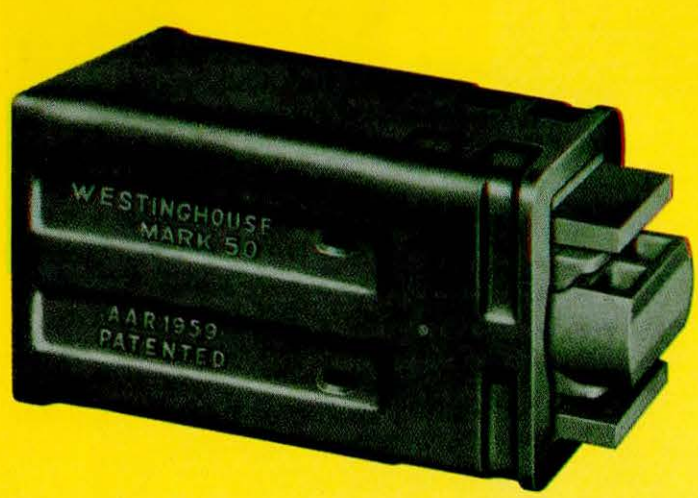

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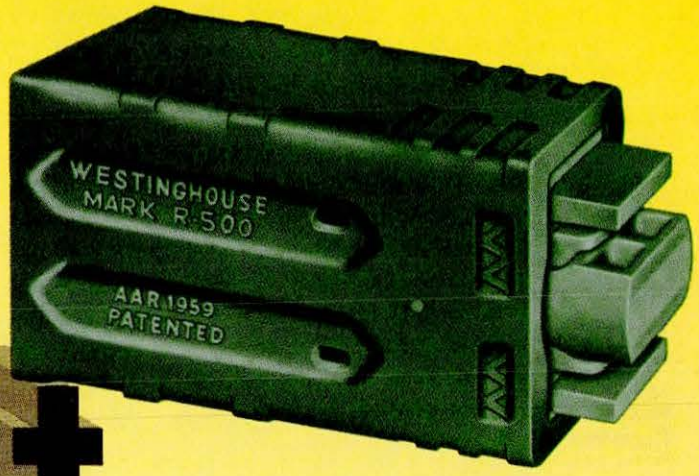

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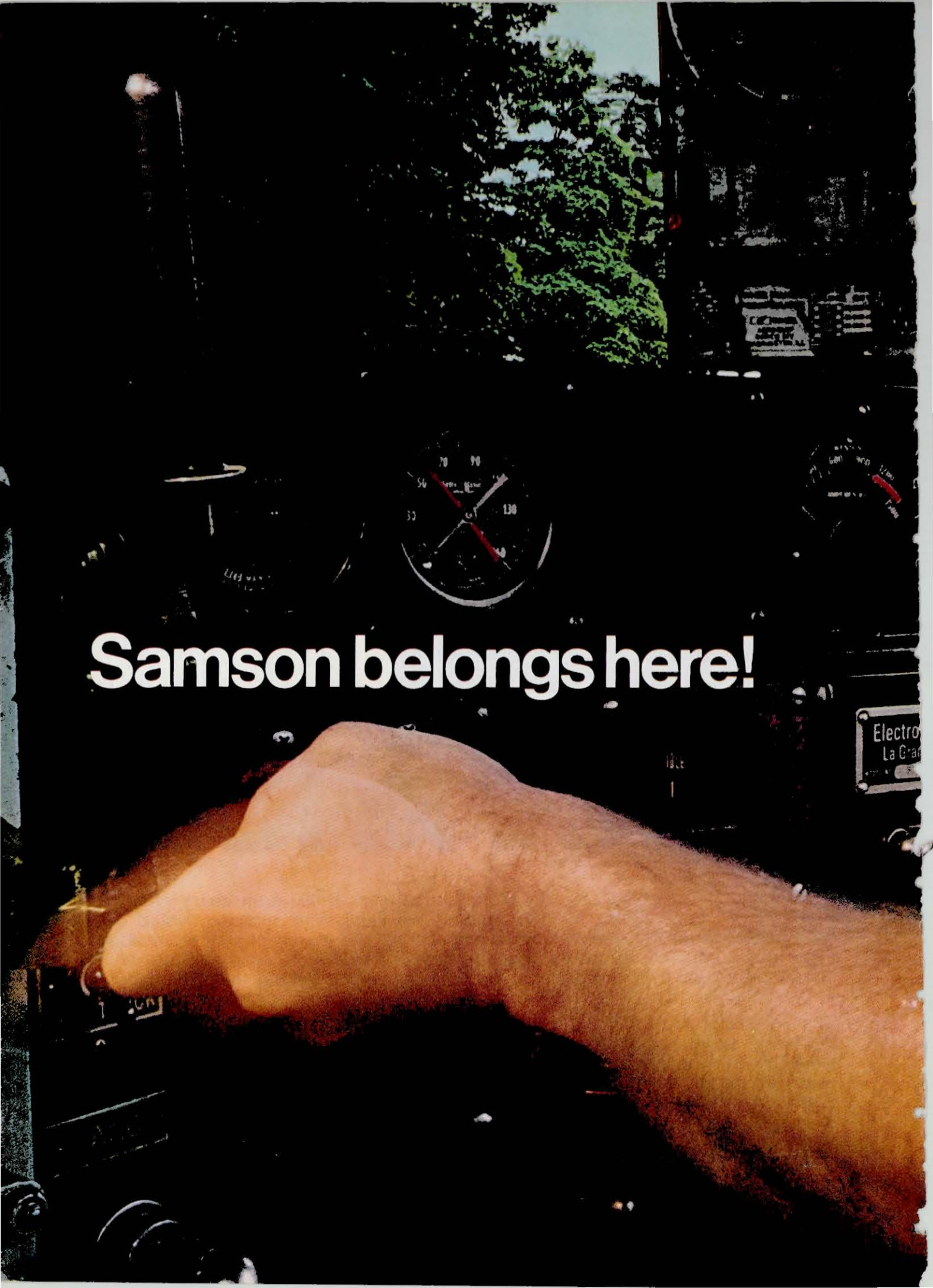
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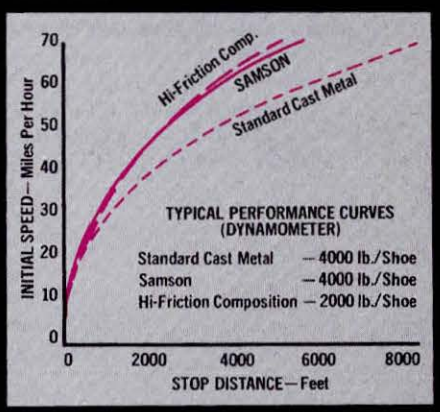

This chart shows how braking performance can be up-graded on mixed-consist trains by replacing standard metal shoes with Samson Shoes.

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John Ingram on marketing:

Return on investment today is the

In the year-long series "Profit Through Productivity," Railway Age has looked at a number of elements of productivity—among them, equipment, roadway, terminal facilities, the run-through and the unit train, the employee, the over-all capital commitment. Ultimately, however, the whole business boils down to one word—marketing: The ability to design an operation which is both saleable and profitable, the ability to meet customer needs—the needs of existing and new customers—while satisfying railroad profit requirements. For a view of marketing from an individual in a unique position to comment, Railway Age went to John W. Ingram—who brought a high degree of marketing expertise to New York Central, Southern and Illinois Central and who now has the overview of marketing and everything that is involved in it from the administrator's office at the Federal Railroad Administration.

Q. At this particular point, with everything that is going on in and around transportation, what is right and what is wrong with the basics of "marketing" in the railroad industry?

A. We have had banner years in 1972 and 1973, in terms of traffic moved. The ton-mile figures have been higher than ever before. But return-on-investment stayed under 3% in '72 and it doesn't look like it's going to be much higher for '73. It seems to me that, in terms of doing the marketing job and in terms of really handling the nation's freight business via rail, we have to put emphasis on earning a reasonable rate-of-return. Look at it. Traffic is up, revenues are up. But what happened to profit, what happened to return-on-investment? And we have to pay a lot of attention to these ROI figures—because if anyone is going to trust his money to the railroad industry, in investment terms, he is going to have to be adequately compensated for it. I'm not talking about being overly compensated or gouging the public or anything like that. Those practices are long behind us. But certainly the earning of an honest ROI is something we should strive for—because that's what is going to produce good rail service in the future.

In that context, you have to talk about equipment, but you also have to talk about plant. I've been to some rail facilities, yards, especially in the Northeast. And I think the best way to fix them up might be to bring in a rather large bulldozer, shove everything off to one side and start over. But there you are. You've got record traffic volumes and as an industry you're earning 3% or less—with no earnings in the Northeast—and you've got plant that is in poor shape, or getting that way. It seems to me that our marketing people have to take charge—and get revenue levels to the place where they can produce an honest ROI so that the necessary maintenance of plant can be done.

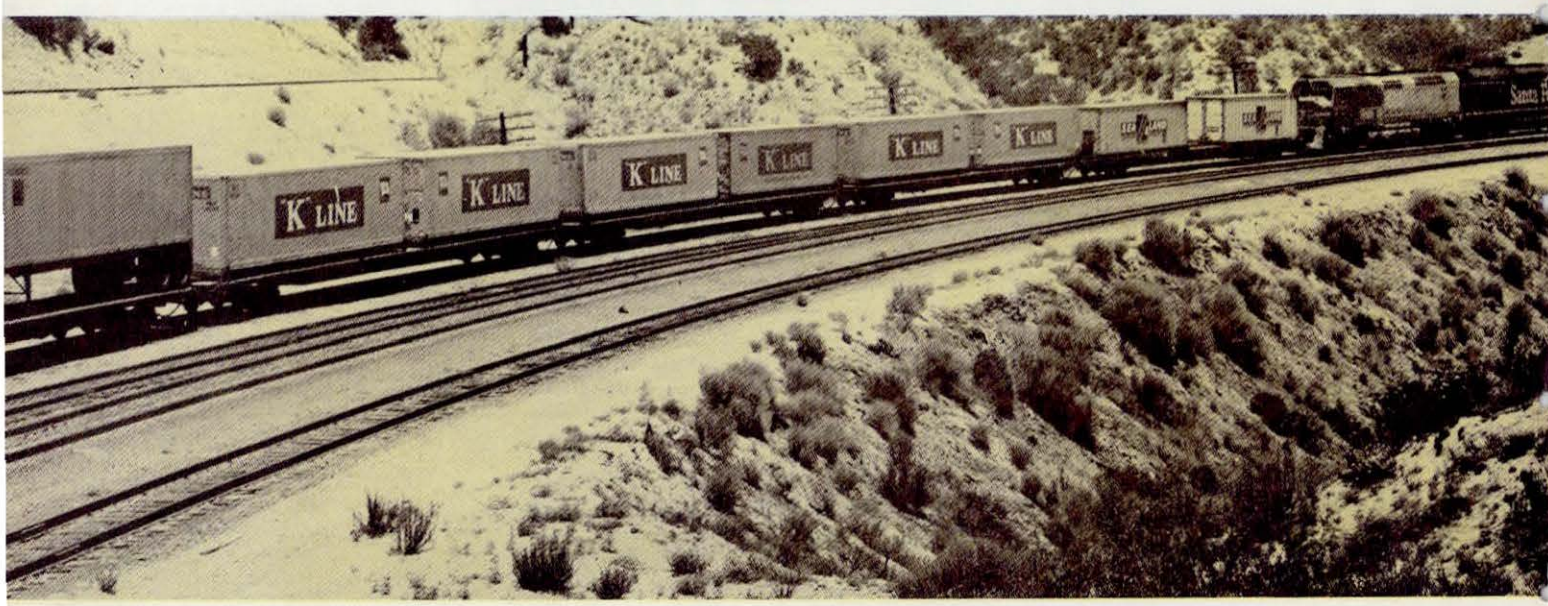
Q. Revenue is one factor, volume and costs are others. . .

A. This business of "volume at any cost" has got to go. This business of building volume and hoping that added volume is somehow going to solve these problems is simply not the way out. Specifically, look at Penn Central. PC has about five million carloads of freight. Something like a quarter-billion tons of freight moves on tnat railroad. I've heard some people say that what PC needs is more traffic. But I really think they ought to be earning an adequate return on the traffic they have. And, I think there is an awful lot marketing people can do to make sure that the kind of services railroads provide are services that will produce a good ROI.

Q. But what happens to the marketing man, with costs going up faster than revenues?

A. How can he get his money back? How can he get the ROI he needs? The same way you do in other industries. They have had cost increases in almost any other industry you can name, and I don't think those cost increases have caused substantial reductions in ROI. They have priced accordingly. They have also placed emphasis on those product lines that produce the best ROI and they have de-emphasized the product lines that don't produce. That's

This, says Ingram, is what good railroading



key to good service tomorrow

what we have to do in the railroad industry. The alternative, of course, is to keep on earning an inadequate rate-of-return. And if you do that, you're not going to be able to replace your plant and equipment. You're just not going to be around, someday, when the customer calls on you to provide your service.

Q. The customer's interest, then?
A. It is in the customer's best interest for the railroads to earn an adequate ROI, to allow replacement of the plant that is needed to provide the service that the customer wants and is willing to pay for. I don't think we can provide all kinds of railroad transportation to all kinds of people. I do think we have to concentrate our efforts on those transportation movements that economically require rail transportation and that can be paid for.

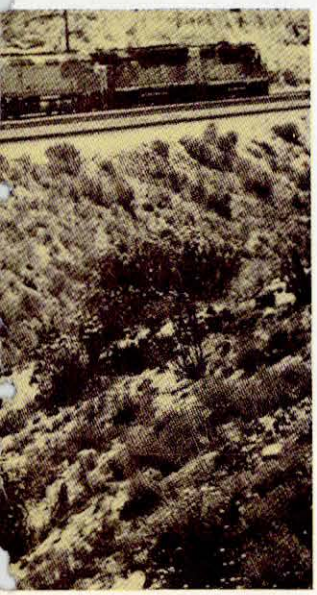
Q. Does this slide away from the common-carrier concept?
A. Not at all. What I am saying is that a common carrier that is going to remain a carrier will have to be adequately compensated for what it does in common for many people. I have no objections to the common-carrier concept. But I don't think that common carriage can be used as an excuse—an excuse, for instance, to do something for free for somebody because he happens to be politically well-connected. It has to be part of our philosophy that common carriage carries with it the idea of adequate return—and if things a common carrier does cost more money than can be compensated for, then they shouldn't be done.

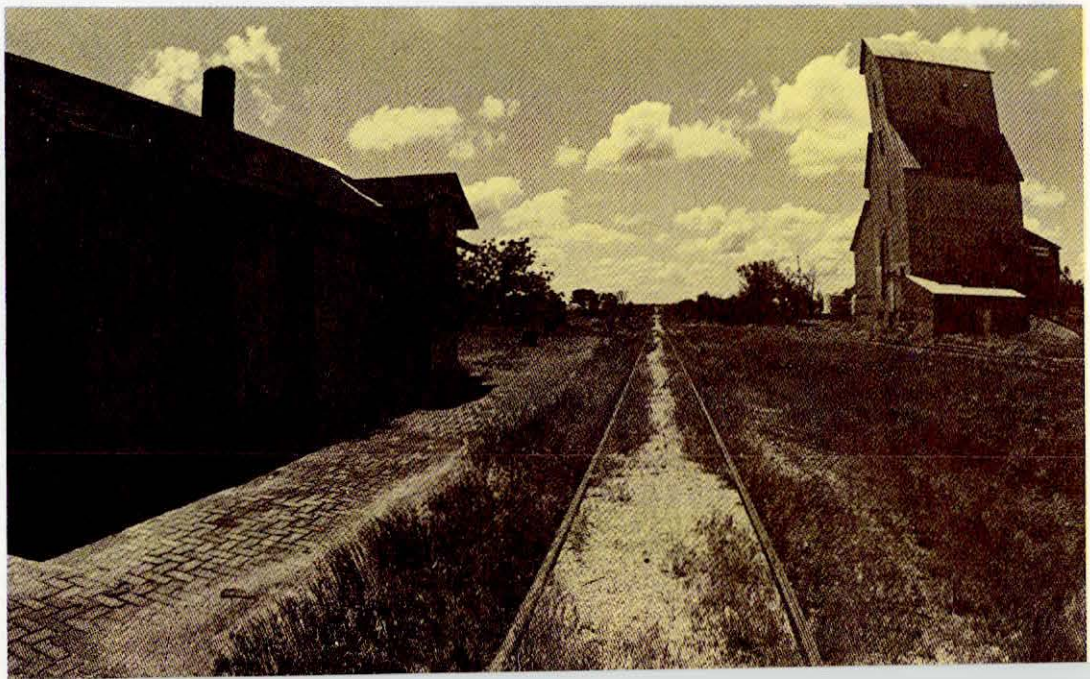
Q. Would you put the rap on rail management for not giving marketing people enough freedom to act?
A. Not at all. The thing that bothers me most about this job in Washington is hearing people criticize rail management for not being capable. By and large, railroad managers are as capable as those in any other industry, and there is no reason why it should be otherwise. The thing a lot of people don't recognize is that rail managers live in almost a prison of regulations that were put on the books in the bad old days when the bad old robber barons were running things. I daresay the robber barons are gone—because they certainly wouldn't have stuck around in a business with a 3% ROI. The real question is, does rail management have an opportunity to manage? And the answer, unfortunately, is a negative.

Q. Specifics, as you see them?
A. For instance, can a railroad close down a piece of railroad track that's no longer needed? No. You have to go to the ICC, you have lengthy proceedings and frequently poor results—results that often come late even if they are favorable. Or, take another example, and look at the energy crisis and rail management's desire to reduce fuel consumption. Look at the movement of fresh fruits and vegetables from the San Joaquin Valley of California into the New York market. I have checked some of these movements, and I find that cars are moving two-thirds full. Each car has a diesel refrigeration unit on it, and of course there is a diesel locomotive on the head end, and all of this burns fuel. Why are the cars two-thirds full? But then again, what can the railroads do on their own—without ICC approval or ICC orders—to fill these cars and thereby to save fuel? You can go right on down the list, and you can see how tightly rail management is hemmed in by regulation in making the kinds of decisions managements are usually allowed to make on such things as price, location of production facilities, where to provide service and where not to. What I'm talking now is sheer economics, and there's no sense providing rail service to a market that can't or won't use it. Whatever moves in a market like that ought to be moving by truck—and believe me, there are a lot of branchlines in this country where truck is a lot more efficient than rail. On the other hand, you can't criticize rail management for not providing truck service, can you?

Q. There were, though, truck-substituted services in the West during the

is all about. Not this.





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grain crunch earlier this year. . . .

A. Sure, but that you can do. Grain movement isn't subject to regulation, moving by truck. But if you try to get into trucking, even as an ancillary service, on general freight, you run into a lot of problems—starting with the fact that it costs a lot of money to hire all the lawyers you need to handle all the proceedings that you have to go through to get permission to do things which management could do in five minutes if it had freedom to make the decision to do it.

Q. You talk about abandonment problems, and, of course, a lot of the Northeast problem is bogged down in getting rid of excess plant. Yet, the ICC is under court restraint on environmental grounds in its consideration of rail abandonments.

A. That's more a technical question than anything else, if you're referring to the Federal court case in New York. It has to do with whether an environmental impact statement was filed, and I imagine it's going to be ironed out. I'd say a couple of things. First, those impact statements were really designed for application with agencies like the Atomic Energy Commission, where there's a lot of give-and-take before they get to an adjudicatory stage—but with the ICC, everything is presented to an administrative law judge and there is no opportunity to file an impact statement in advance of the hearings. ICC procedures really don't contemplate such a thing. Second, in a pragmatic sense, environmentalists ought to understand what branchlines are and what traffic moves on them. They ought to understand that unless you have three or four cars behind the locomotive when it's operating, the truck will be more efficient in terms of both fuel consumption and pollution of the atmosphere per ton of freight moved. I suppose, really, that in view of that, an environmental impact statement ought to be filed by those who insist that little-used branchlines be continued in operation, not by those who want to discontinue them. Be that as it may, though, I am sure the courts will straighten it out and the ICC can get back about its business. But, even then, how much time will still be consumed by hearings? How much time will we have to go through to abandon these branchlines with weeds and maybe even trees growing up between the rails? Frankly, some of this regulatory stuff is just plain silly.

Q. If you were to be plucked out of Washington today and set down in a top railroad job and one of your assignments was to set up and structure a marketing operation, how would you go about it?

A. Believe me, it's difficult to say. Railroads' problems extend well beyond the marketing area. But, I would think that the key to putting together a marketing approach to today's rail service would have to be development of a line of strategies that would get railroads back where they belong in terms of ROI and contribution to the community that needs rail service. It would have to be a combination of these two things, and I don't see how you could do one without the other. You would have to do what shippers need to have done, and you would have to do it at a reasonable price and make a reasonable profit. But, you would have to do more than that.

Q. How much more? What more? Where more?

A. You would have to have the ability to change operations, to change rate structures to reflect the realities of today's costs. You would have to be able to discriminate—I know the word has bad connotations, but you would have to be able to discriminate between those areas where you can do a job most efficiently and those where you have a less efficient approach. You would want to sell those things you were efficient at. You would also want to restructure and revise and rebuild those things you weren't efficient at so that you could get a degree of efficiency in the marketplace that would allow you sufficient earnings.

Q. But is railroad costing adequate to tell marketing people what they ought to be doing?

A. Well, if it's not, it's not really very hard to go out and hire a public accounting firm and have them come in and set up a cost-accounting system that will produce reasonable results. The difficulty seems to be not in designing a system that will give you adequate cost information but rather in designing a market approach that is based on the cost of doing the job.

Q. Then again, given present regulation, does it do much good to be able to determine what a given job costs?

A. If it's required, for example, by the ICC that branchline rates be no higher than mainline rates, then, yes, what's the use of finding out how much more the branchline service costs than the mainline service? What we have to do is to be able to put into effect rate structures that reflect those operations where we are efficient and those operations where we are not. We should be able to charge more for what we can't do well because of circumstances and at the same time charge less for what we can do well. We have to be able to pass our efficiencies along to the public, and I don't know that we can do that in a homogeneous way.

Q. Are you knocking the across-the-board general rate increase?

A. Across-the-board increases are necessary in order to keep up with the increases in costs that are coming along all too frequently. But in the long run, you have got to take charge of your own pricing structure and bend it around to reflect what you are good at and what you are not good at. Railroads are not good at all things. We do an extremely efficient job on heavy-density mainline transportation. Today, we do an extremely poor job on single-car movements up a branchline. Everything else falls somewhere in between.

Q. So, given all this, what do you do?

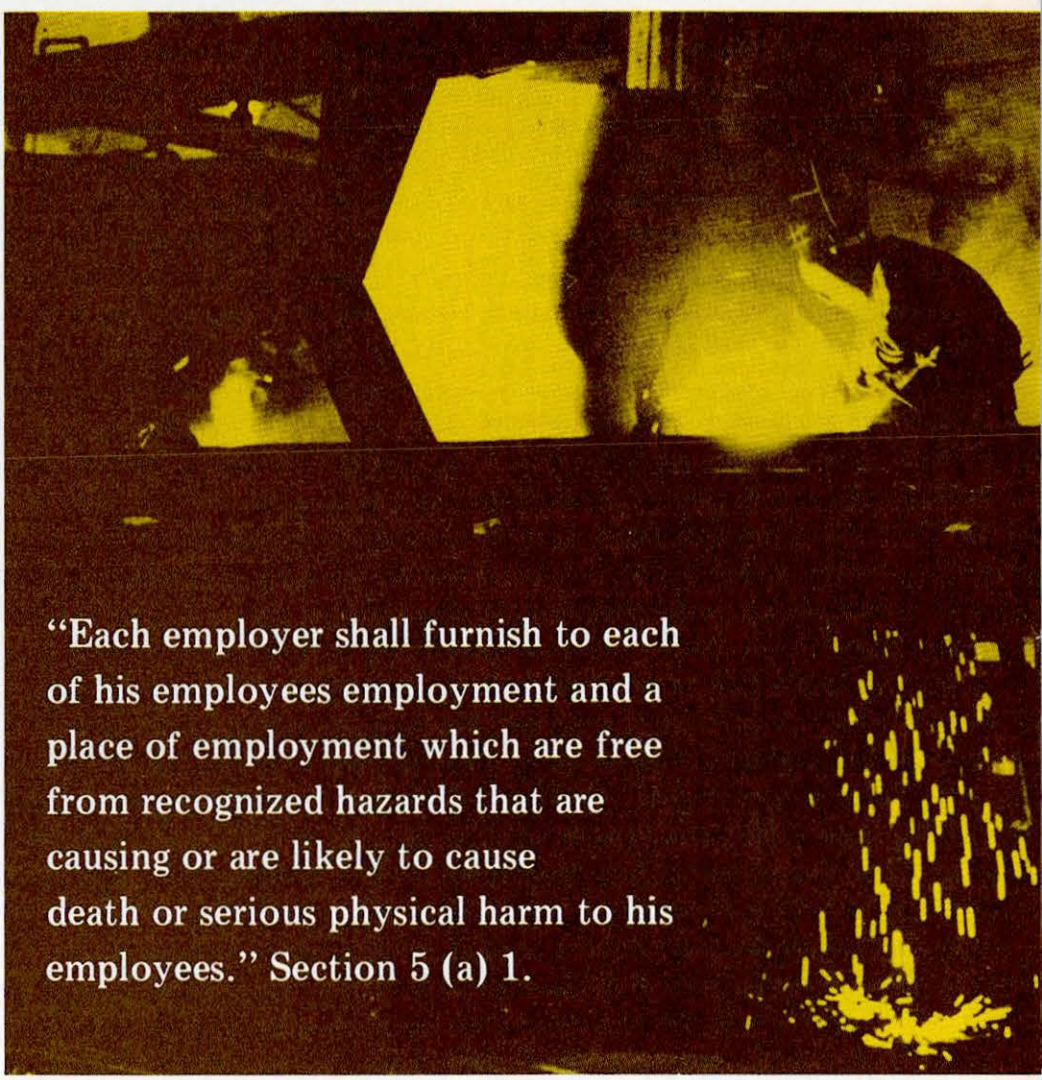
A. Well, there's more transportation competition than ever before. There's

(Continued on page 39)

"An environmental impact statement ought to be filed by those who insist that little-used branch lines be continued."

OSHA: What it's all about, how railroads are complying

By ROBERT D. BARTLEY,
Associate Editor


"Each employer shall furnish to each of his employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees." Section 5 (a) 1.

The date: April 28, 1971.

On that day, the thing that was probably uppermost in the thoughts of the railroad industry was the plight of the Penn Central. There were, as it happens, a lot of other events for railroads to be concerned about on that date—the passenger train route selections made by Railpax (soon to be re-named Amtrak); the industry's ASTRO plan and its impact on policy-makers, and the effects, especially the added costs, of upcoming Federal safety standards on track and equipment.

With all these things on their minds, perhaps the nation's railroads could be excused for not getting overly excited about the birth on April 28, 1971, of OSHA—the Federal government's Occupational Safety and Health Administration. Besides, while other industries were fretting over the uncertainty of their status with OSHA, the railroads had already been advised that so far as OSHA was concerned, they maintained a rather low profile. Thus, the chances were slim that the railroad industry would become a priority target of OSHA inspections.

Despite all these assurances, OSHA has very definitely made an impact on rail operations since its birth more than 2½ years ago. It has set forth standards for air, water, sound and safety and health conditions which, to be complied with, are requiring as many costly changes on railroads as they are in other work-places throughout the nation.

● **Costly, complicated, but good.** Although compliance is often costly, OSHA is not all bad. As a matter of fact, its principles are above reproach. It acquired a bad image with employers when it first appeared, however, because the Act, as signed into law by President Nixon on Dec. 29, 1970, is quite complicated, laden with agonizing details and, as a result, sometimes confusing. It is voluminous—containing more words than the Bible. And it has teeth—serious violations can result in fines up to $1,000 each, and if they are found willful or are repeated the fine can soar to $10,000. Violators can be jailed.

In the eyes of OSHA administrators and inspectors, railroads have to be a unique lot. After all, railroads are required to comply with the Federal Railroad Safety Act of 1970. Administered by the Department of Transportation, this act states its purpose thusly:

"To promote safety in all areas of railroad operations and to reduce railroad-related accidents, and to reduce deaths and injuries to persons and to reduce damage to property caused by accidents involving any carrier of hazardous materials."

The "all" in the stated purpose would appear to place safety regulations for railroads clearly in the hands of DOT, specifically the Federal Railroad Administration, since Sec. 4(b)(1) of the OSHA Act says:

"Nothing in this Act shall apply to working conditions of employees with respect to which other Federal agencies. . .exercise statutory authority to prescribe or enforce standards or regulations affecting occupational safety or health."

● **Who enforces what?** At the outset, FRA and OSHA really weren't too sure themselves where one's authority began or the other's ended. A head-on collision over jurisdictional lines was avoided when, on June 7, 1972, the two drew up a memorandum of understanding regarding procedures for handling employee complaints of unsafe or unhealthy (or both), working conditions in the railroad industry. The agreed upon procedures are:

—If an employee makes a complaint to OSHA, the office of the Associate Solicitor for OSHA will promptly contact the office of the Chief Counsel, FRA.

—Those two offices jointly will deter-

mine issues relating to FRA's exercising of statutory authority to prescribe or enforce standards affecting occupational safety and health in the working place of the complainant.

—FRA will be responsible for inspecting and taking proper enforcement action where it has statutory authority, and OSHA will do likewise where it has authority. Where appropriate, FRA and OSHA will make joint investigations.

—If, after a joint inspection, the two agencies can't reach agreement on the staff level on the appropriate disposition of the complaint, the matter will be referred to the Assistant Secretary of Labor for Occupational Safety and Health and to the Administrator of

When this agreement between FRA and OSHA was drawn up almost 1½ years ago, it was said to be "of an interim nature" and would be followed shortly by a "formal interdepartmental agreement." Perhaps as an indication of the complications that can arise from having two agencies looking after the safety and health of railroad employees, the interim agreement has yet to be superseded by formal agreement.

In general, it appears that OSHA standards are directed at protection of the employee while he is in his workplace. FRA, on the other hand, is also concerned about the well-being of the employee, plus a host of other safety aspects of railroad operations.

"When we are out in the field investigating an accident, making a routine inspection, or otherwise enforcing the law, we're only trying to make things safer and healthier for people," explained a Chicago-based OSHA inspector. "When you visit a fellow in a hospital after an accident and see how badly injured he is due to, say, a faulty scaffold, you know that the law is good because it wants to prevent something like this from happening ever again.

"If there's anything wrong with the law it is the fact that the lawyers got hold of it and made it far too complicated."

● OSHA training essential. It didn't take FRA long to see how difficult it might be for its safety inspectors to interpret the OSHA standards. A course entitled "Occupational Safety and Health Requirements in Railroad Operations" was developed by FRA's Office of Safety. It is being offered to field inspectors—primarily track and equipment inspectors—at DOT's Transportation Safety Institute, in Oklahoma City. Several classes have already been held, and more are scheduled for FRA's growing corps of field inspectors.

The 80-hour OSHA course is structured to teach inspectors how to recognize and evaluate hazards in the occupational environment, how to apply the standards to these hazards, and how to gain compliance.

Transportation Safety Institute has heavy

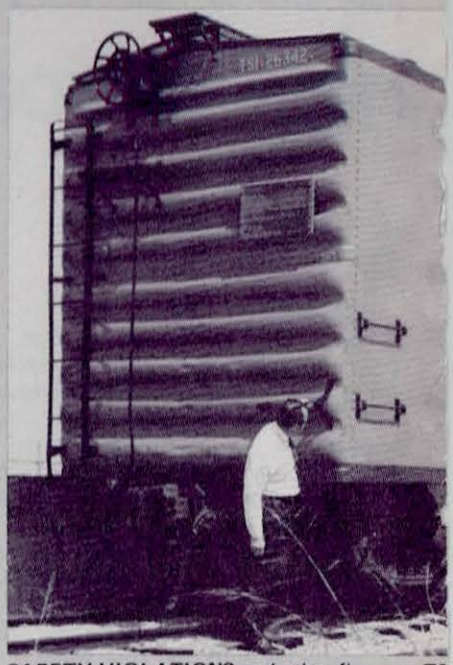
The Aeronautical Center of the Federal Aviation Administration at Oklahoma City is now multimodal. In 1971 the U.S. Department of Transportation established the Transportation Safety Institute and the FAA Center was chosen as its site. TSI's assignment is to conduct training programs and promote safety and security for all transport modes—railroad, motor carrier, pipeline, marine and aviation.

FAA has been in Oklahoma City for over a quarter century. However, only in the past couple of years has training for DOT personnel been expanded from a strict aircraft, airport and air traffic orientation to its new more generalized transportation mission.

● Multimodal approach. The Federal sponsoring agencies—FAA, Federal Railroad Administration, Bureau of Motor Carrier Safety, Office of Pipeline Safety and U.S. Coast Guard—determine the requirements, provide the funding and monitor the courses that concern their areas of operation. But actual planning and development of each course's subject matter is handled by the TSI staff. When it was established two years ago, TSI was under DOT's Assistant Secretary for Environment, Safety and Consumer Affairs. R.F. Creson, TSI director, points out that the Institute "is the only truly intermodal, or multimodal, activity within the Department of Transportation today."

There are now six railroad-related courses being offered at the Institute:

—Basic railroad accident investigation.



SAFETY VIOLATIONS and other flaws on TS

—Railroad inspector orientation and accident prevention.

—Railroad transportation of hazardous materials.

—Track safety standards.

—Railway equipment safety standards.

—Occupational safety and health requirements in rail operations.

These study programs were developed by TSI under FRA's Office of Safety. Chances are good, reports D.W. Inabinett, training officer for the Office

No employer—whether he be in transportation, dry cleaning, widget manufacturing, or what have you—is apt to be enchanted over the idea of having his establishment inspected by a government "snoop," especially one who might be looking for safety and health hazards. What would really be upsetting would be to have the workplace examined by an inspector who himself did not have a good grasp of the law.

FRA is seeing to it—through its TSI course—that field inspectors know what the OSHA law is all about. OSHA has its own training center, and recently granted a $3-million contract to the National Safety Council to conduct a series of OSHA training courses. Railroads themselves have developed training programs of their own to acquaint key personnel with OSHA law.

OSHA inspections are taking place throughout the nation, day in and day out. At mid-year, more than 80,000 inspections in establishments employing more than 18 million persons had been conducted since OSHA's birth. Since 4.1 million workplaces in the U.S. are covered by the law, it may take several years before one full round of inspections is made. If a workplace doesn't have an accident involving serious personal injury or a fatality, and if an employee doesn't file a complaint with OSHA, it may not see a safety inspector for a long, long time.

It's easy to see why railroads are regarded as "low profile" by Federal safety inspectors. Very few employee complaints have been filed. Between Oct. 1, 1972, and Sept. 14, 1973, for example, only 143 employee complaints were lodged against the entire railroad industry.

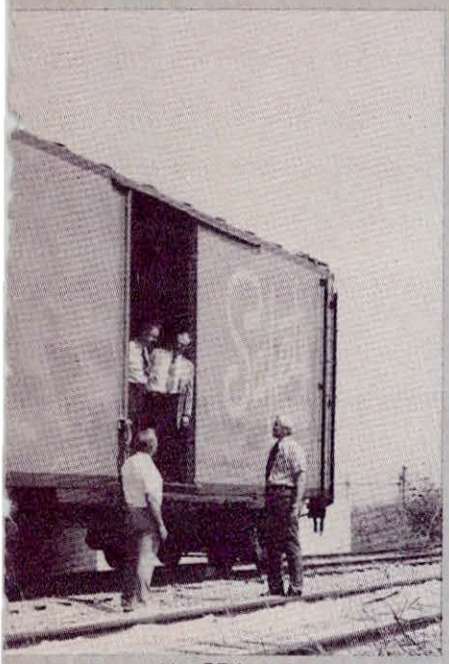
● Some alone, some joint. FRA inspectors investigated—and resolved—65 of the complaints on their own. With OSHA inspectors, they jointly investigated and cleared up another 28 complaints. Another 50 are pending.

OSHA inspections are based on four established priorities:

—Catastrophes and/or fatalities.

—Complaints by employees or by

training schedule for FRA



)x car are located by FRA students.

of Safety, that two more courses—one dealing with signaling and train control and the other with operating practices—will be added in 1974.

● **Two-week courses.** Most of the courses last two weeks with all classroom and laboratory work conducted in the Aeronautical Center's new Multi-Purpose building. Field work is conducted at railroad facilities on or adjacent to the Center.

By the end of fiscal 1974 next June 30, more than 20 classes of FRA inspectors and other FRA personnel will have attended TSI. Congress has authorized the addition of 94 inspectors to the 160-man FRA inspection force. This schedule may have to be accelerated.

As it directed TSI in establishing the rail-oriented courses, FRA's Office of Safety has insisted upon timeliness, flexibility and significance. In the 80-hour Railway Equipment Safety Standards course, for instance, subjects include safety aspects of car construction and design, draft gears and underframes, trucks and air brakes, and proper methods for inspecting this equipment. FRA wants its field inspectors to know how to detect unsafe conditions, how to notify railroad management of the conditions, and how to report accurately their findings—an aid in developing standards and regulations.

Since records, prepared by FRA representatives or railroads, are so important, the importance of proper record-keeping is stressed in all the Institute's rail-related courses.

After passage of the Federal Railroad Safety Act of 1970, it became clear that FRA's training of its inspectors would be more important than ever before. "The new safety standards dictated that comprehensive training courses would be needed," explains Mac E. Rogers, associate administrator, Office of Safety. "It is very important, of course, that there be uniformity in applying the law. You cannot have uniformity until your inspectors understand what the law is all about. We are very fortunate to have a facility like the Institute that can serve as our training arm."

● **"Hands on" training.** TSI believes "very strongly in the 'hands on' technique of training," says Donald Largess, program manager in TSI's Track Guided Vehicle Safety Section. "Lectures are held to a minimum. Demonstrations and learning by doing are, in our opinion, much more effective."

Aside from training aids in the classrooms and laboratories, there is the TSI box car parked on one of the Aeronautical Center's little-used sidings. The car has its fair share of flaws, some of which are not in violation of the safety standards. For example, portions of the ends and sides are rusted through. While this condition might be unsatisfactory to shippers, the holes do not represent safety violations. On the other hand, the hairline crack in one of the couplers might not look too bad, but is a definite safety hazard. Another full-scale training aid is a freight car truck with its share of violations. Then there is the stretch of track on which the truck is located. In courses involving track, TSI makes use of secondary and mainline trackage of the Frisco which skirts the Aeronautical Center. TSI rates Frisco's mainline as "in very good condition."

TSI seems destined to grow. The Track Guided Vehicle Safety section will be part of the growth. There will be more classes and students will come from state and local governments and from foreign nations. TSI staff is also hopeful that the various transportation industries, including railroads, will be represented.

the representatives of employees.

—Special attention to the five industries in the Target Industries Program, selected because of their high injury frequency rates.

—Finally, a random cross-section selection of all types and sizes of workplaces in all parts of the nation.

Neither railroads nor any of their key suppliers fall into the Target Industries Program group. The Target Industries are longshoring; roofing and sheet metal work; meat and meat products; manufacturers of mobile homes, campers and snowmobiles; and lumbering.

Thus far, penalties assessed by OSHA for serious violations are averaging about $625 per citation. Non-serious violations are averaging about $45. Only about 1.3% of alleged violations are in the serious category. However, close to one-third of the amount proposed for penalties has been for serious violations.

● **Details, details.** OSHA—the act, that is—certainly doesn't leave much to guesswork. It goes into great details about air contaminants, ventilation requirements, noise exposure, ladders and stairs and floors, and so forth. The real meat of the act, however, is Section 5(a)(1), which says: "Each employer shall furnish to each of his employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees." This is what OSHA is all about. And here are a few of the ways OSHA feels employers should go about the business of complying with this requirement:

If, for example, the workplace is noisy (90 decibels on the A scale—90 dB(A)—is the maximum exposure that should be permitted over an 8-hour period, according to OSHA), then a program of action involving three basic steps must be undertaken. They are: (1) reduce the noise at its source through engineering controls; (2) provide hearing protection; (3) carry out a program of hearing conservation.

In workplaces with high noise levels, OSHA wants employers to, among other things, conduct training programs to achieve 100% participation among employees in the use of hearing protection devices. If employees need but don't use the devices, OSHA regards the employer as being in violation of the law.

Although railroads are in the business of providing transportation services, they are also considered to be engaging in other activities—civil engineering projects, metalworking and heavy manufacturing, for examples. Thus, there are a number of OSHA standards aimed at these specific industries.

Very stringent standards have been drawn up by OSHA to control painting operations of all kinds. There are some 600 freight car repair facilities in the railroad industry today, and a large number of these have painting facilities.

If a railroad shop paints locomotives or box cars, the work will probably be performed in a spray booth. A spray booth is defined by OSHA as a power-ventilated structure provided to enclose or accommodate a spraying operation to

(Continued on page 40)

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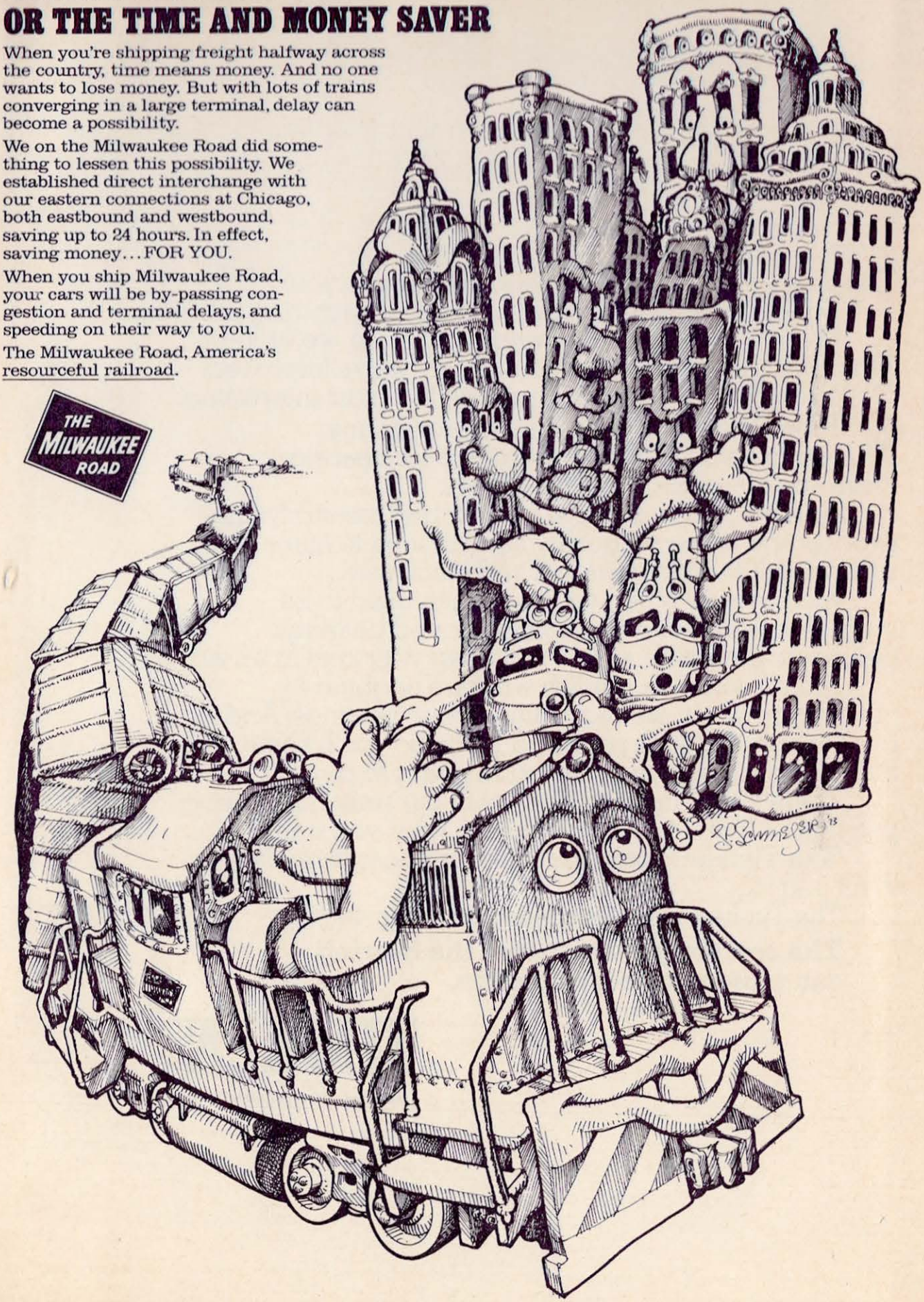
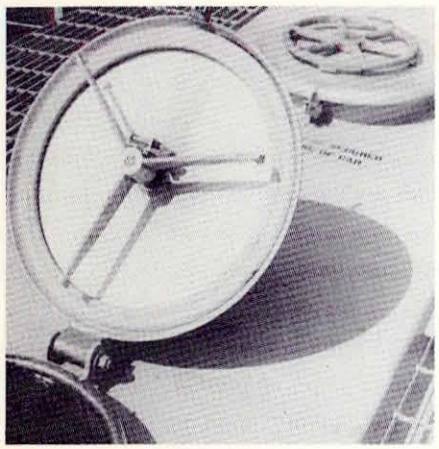


New Products Report



Hatch cover assures contamination-free plastics

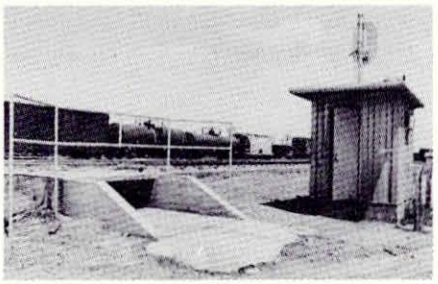
The Mon-O-Wheel hatch cover, now available on Pullman Transport Leasing covered hopper cars, cuts closure time by over 60% and provides a contamination-resistant seal. It takes the place of the conventional three-wheel, rim-edge hold-downs presently standard on high-capacity plastics cars (5400 and 5820 cubic feet). Cover, locking wheel and interior working parts are all made of cast aluminum and stainless steel. The hatch hinge design prevents any part of the cover from striking the roof while in the open position. The single self-adjusting wheel produces pressure at the center of the cover and assures that the crushable, air-filled white neoprene gasket achieves a positive seal. The locking arrangement is a fail-safe system which requires the cover be tightened completely.

Circle 60 on reader service card

Computer program assembler works fast and accurately

A fast, accurate and relatively inexpensive method of program assembly has been made available to users of the Intel 8008 "computer on a chip." The assembler, offered by Scelbi Computer Consulting, operates on a DEC DPD-8 and can increase speed of program assembly by better than 300%. It converts symbolic code written in Intel's mnemonics to a formatted object tape for the 8008 computer. Also included are diagnostics to facilitate program preparation and the detection and correction of source coding errors. The diagnostics not only identify syntax errors but also their source and type. Other features include variable field length coding; stringing of labels; direct entry for instructions of character data, and high-speed peripheral compatibility. The assembler, including documentation and users manual, costs $265.

Circle 61 on reader service card



Electronic scale weighs at speeds up to 6 mph

An automated electronic track scale recently installed on Southern Pacific near Eagle Lake, Tex., is an unusual facility in more ways than one. First, the entire unit was prefabricated in-plant by Streeter Amet Division of Mangood Corp.; second, it features a very shallow scale pit, measuring just a bit more than two feet from base of rail to pit bottom. Third, the pit itself is open-air, which helps make possible gravity-drainage of moisture, thus cutting down on maintenance problems and eliminating the need for a sump pump. The scale (which permits motion weighing at speeds of up to 6 mph) uses a 4-foot, 3-inch weighbridge supported by four 100,000-pound-capacity load cells. Axles are weighed individually and the total car weight is printed on paper tape in the scale house (as is total train weight after the last car has passed over the scale).

Circle 62 on reader service card

Low-cost digital system speeds two-way radio communications

A low-cost digital communications system for two-way vehicle radios provides instant transmittal of routine and emergency messages from vehicle to dispatcher without use of voice. The system, made by Coded Communications Corp., identifies all voice transmissions and permits a vehicle operator to

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instantly report changes in status, or an emergency condition, by merely pushing a button. The exact status of the vehicle is automatically updated and continuously displayed on a video monitor screen for the dispatcher, thus eliminating time-consuming record keeping. As many as 2,048 vehicles can be handled in a single system, with 64 displayed on the video monitor screen at any one time by dispatcher selection. The system, which can be integrated into any currently used two-way radio network, requires no change in voice transmission equipment.

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Intercom series offers up to 10 times the usual volume

An intercommunication series capable of providing up to 10 times the volume of conventional intercom systems has been introduced by Talk-A-Phone Co. Designed for office or industrial use, the series has sufficient power for calling up to 10 stations simultaneously. It furnishes ample, controllable volume to communicate with large or high-noise-level areas where ordinary intercommunication would be drowned out. Communication can also be carried on with office or small areas with the volume level desired. The series is in the popular price range and provides a high degree of flexibility, meeting virtually every intercom need.

Circle 64 on reader service card

Two-sided tags now available for drawings, plans and maps

A new two-sided tag has been added to Guy Voyce Co.'s Tageroll line of identification tags for rolled drawings. The tags fit onto the ends of rolled drawings, plans and maps to identify them and to prevent unrolling. They save time and are simple to use. The manufacturer offers free samples.

Circle 65 on reader service card

Insulated heating cable offers versatile application

A rugged and easily-installed heating cable ensures safe uniform heating in a variety of applications. Introduced by General Electric, the MI heating cable consists of a metal conductor surrounded by dense magnesium oxide insulation and encased in a seamless metal sheath. Said to have a compressive strength higher than any other type of cable, it can be bent and formed by hand. MI heating cable combines a wide range of ratings with flexible installation and inherently safe operation to provide economical frost protection of water pipes and heating of process piping, tanks and hoppers containing liquids, gases or solids. It also may be embedded in concrete and other surfaces for protection against snow accumulation. Moisture- and corrosion-resistant, the seamless metal sheath is fire, water, oil and gas proof and provides a continuous electrical ground.

Circle 66 on reader service card

NEW LITERATURE

INFLATABLE DUNNAGE. A 16-page, illustrated brochure called "Recommended Methods for Use of Disposable Inflatable Dunnage in Closed Cars" has been issued by the Freight Loading and Container Section of the AAR. Cost is 25 cents a copy, with reduced prices for volume orders.

Circle 70 on reader service card

DIESEL STARTING BATTERIES. A 4-page, illustrated brochure describes railway diesel starting batteries produced by the Industrial Battery Division of Gould, Inc.

Circle 71 on reader service card

MATERIALS HANDLING. Rampmaster, Inc., has announced the availability of detailed catalog sheets on every product in its complete line of safety-engineered materials handling equipment.

Circle 72 on reader service card

FIRE SAFETY. "Transportation Fire Hazards" is a new National Fire Protection Association staff study now published in booklet form. The 40-page study costs $2.25 a copy. A 25% discount applies to orders for 25 or more copies.

Circle 73 on reader service card

STAINLESS STEEL TOILET. A bulletin from Vapor Corp. describes the general characteristics and operating features of the firm's new stainless steel model of the Newmatic toilet.

Circle 74 on reader service card

VEHICULAR COMMUNICATIONS. A 16-page, color brochure covers Motorola Communications and Electronics' full model line of mobile two-way FM radios, car telephones and teleprinters.

Circle 75 on reader service card

JOURNAL ROLLER BEARING. A brochure on the new "RCT Titan-Type Bearing" has been released by NTN Bearing Corp. of America. The NTN Titan bearing has received approval AAR-19 from the AAR.

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John Ingram on marketing

(Continued from page 30)

also the fact that regulation is still based on monopoly. I mean, after all, the Interstate Highway System was built and the jet airplane was invented since the last time the basic transportation legislation was changed. The transportation mix has changed. Shippers make decisions differently. So, there has to be change in law, in regulation. What we need is a more precise and more appropriate standard against which to judge the merits of proposed abandonments. These have to be designed to encourage the abandonment of uneconomic rail lines.

We need regulations which direct the ICC to raise rates at least to the level of variable costs. There is no excuse for demanding that losses be incurred in certain areas.

In addition, we need to make it more difficult to suspend rate changes. We need regulations that will produce decisions at the ICC in a reasonable length of time—months, instead of years. We need equally quick action on intrastate rates; they should be at the same level as interstate rates. We should eliminate Section 22. There is no reason why government should be charged less than others for the movement of freight.

And, of course we need assistance in the form of guaranteed loans for railroads to get over the hump of deferred modernization so they will be able to deliver their inherent advantages for the good of the economy.

Q. Paul Cherington, who used to be at DOT, made the observation recently that marketing approaches in the future are likely to be made up of one part marketing and one part politics. . .

A. Politics always has been an important consideration in marketing, because you can't sell something—there's no sense in trying to sell something commercially that you can't sell politically. Let's talk about that—because there's a lot more that has to be done in this town, Washington, in getting the story across as to what railroads do well and as to how they ought to go about it. There's a tremendous misconception about the railroad industry in Washington and, frankly, I don't think the railroads have operated too well in trying to dispel that misconception, those misconceptions. Is it all that hard? I don't know. I do know that, after all, we aren't asking, the railroads aren't asking, for anything that's immoral or obscene or goes against the grain in America. All we should be asking for is a reasonable profit for producing good service—and certainly that ought to be allowed in this day and age. ■

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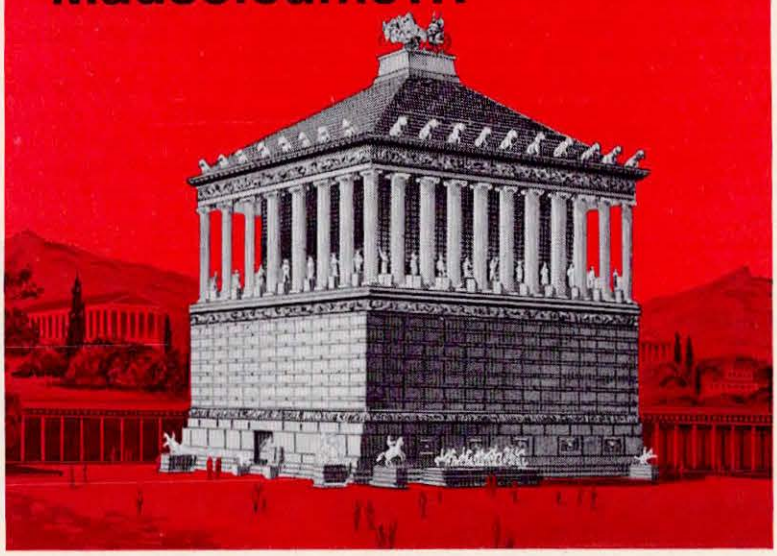

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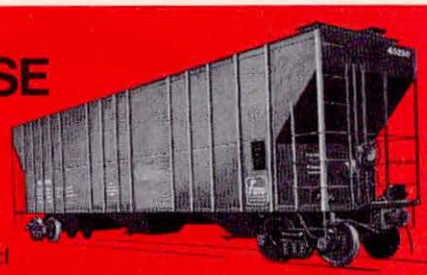

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Circle 11 on coupon page 37

OSHA: What it's all about

(Continued from page 33)

confine and limit the escape of spray, vapor and residue, and to safely conduct or direct them to an exhaust system. OSHA insists that the booth be a soundly-built structure, smooth and free of sharp edges on the inside, with a floor of noncombustible material.

If the booth has distribution or baffle plates, they must be noncombustible. If it has overspray dry filters, they must conform to very explicit regulations.

Electric lamps outside but within 20 feet of the booth must be enclosed. Electric motors and wiring within the same distance of the booth shall be of a type that does not produce sparks.

● **Effects on planning.** Aside from its effects on day-to-day operations on railroads, OSHA is making itself felt as railroads do their long-range planning and budget development. For example, a Midwestern road drew up plans recently for a new repair shop to handle eight cars at one time. It was designed with a paint spray booth. After the budget for the shop had received final approval, it was discovered the design did not meet all the OSHA standards. So, it was back to the drawing board for the shop—but there was no returning to the treasury—and the railroad ended up with a shop that met OSHA standards but it was capable of handling only half as many cars as originally planned.

The OSHA Act requires detailed recordkeeping, and when an OSHA inspector enters a workplace to investigate an accident, answer a complaint or merely on a random visit, he'll most certainly want to see the employer's safety records.

There is quite a bit of similarity in FRA and OSHA safety data forms. For example, OSHA forms 100 and 102 and FRA form 6180-12 require almost the same record of information. OSHA form 100 is a log of injuries, and FRA form 6180-12, the Monthly Report of Railroad Accidents, has virtually the same information.

● **Definitions differ.** Employers everywhere must be very careful in preparing the OSHA forms because definitions differ from those commonly used in the safety field. FRA inspectors must be equally careful in studying forms prepared by the employer. Aside from being concerned about employee accidents, OSHA also wants to be able to examine records on employee illnesses. And records are also required of inspections and tests made regularly by the employer. Scaffolds, fire extinguishers, overhead and gantry cranes, power presses, forging machinery, certain types of welding machines, and a host of other types of machinery and equipment such as might be found in a railroad repair shop must be inspected and records kept of those inspections.

OSHA would like the states to take the initiative and establish their own occupational safety and health programs, with the existing OSHA program serving as their model. Federal enforcement of the standards will be phased out in states with programs that gain Federal approval.

Before states are permitted to take over responsibilities for enforcing the standards, they must show that their programs are "at least as effective" as the Federal program. By the end of the year, 20 states are expected to be certified to conduct their own safety inspections.

Railroads—and a number of other industries—would probably just as soon see enforcement of OSHA standards remain solely in the hands of Federal inspectors. Since most railroads have operations that require them to cross state lines, they would prefer to be required to meet standards enforced by one agency rather than several.

● **Avenue of appeals.** Fortunately, the OSHA Act, aside from developing safety and health standards, also created the Occupational Safety and Health Review Commission and assigned it the sole duty of carrying out adjudicatory functions. This Commission is composed of a three-member board (each member appointed to a 6-year term by the President) and several administrative law judges.

An employer charged with violating the Act can contest the actions against him before the Commission. Also, an employer can appeal to the Commission the deadline which may have been set by the Labor Department for correction of a violation. And, employees or employee representatives can request that the Commission review a deadline if they feel the time allowed is "unreasonable." Thus, a safety inspector's citation need not be final, and his charges of violation of the Act can be appealed.

The initial fear that OSHA would become the sounding board for petty gripes of a few disgruntled employees appears to have subsided. Likewise, the original belief that Federal safety inspectors would harass employers rather than help them with their safety problems has for the most part proved unfounded.

Having lived with Federal regulations for such a long time, railroads perhaps adjusted quicker to OSHA than did other industries. Certain features of the Act have forced expenditures which railroads would rather not have faced. But, as one railroad operating officer summed it up: "We haven't found living with OSHA all that tough." ■

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Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Dec. 8 totaled 553,210 cars, according to the Association of American Railroads. This was an increase of 2,593 cars, or 0.5%, compared with the previous week, and an increase of 36,928 cars, or 7.2%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Dec. 8 are estimated at 17.1 billion, an increase of 10.7% above the corresponding week of 1972.

REVENUE FREIGHT CARLOADINGS

Commodity	Dec. 8 week	Dec. 1 week	Nov. 24 week
Grain	31,900	34,914	30,293
Farm products	18,254	18,309	17,815
Metallic ores	33,284	32,834	34,118
Coal	95,874	87,815	78,927
Crushed stone, gravel & Sand	27,240	28,464	23,556
Nonmetallic minerals	15,010	15,826	14,569
Grain mill products	22,982	21,938	19,426
Food and kindred products	24,427	24,237	21,071
Primary forest products	24,418	24,303	19,533
Lumber & wood products (except furniture)	16,351	16,701	13,411
Pulp, paper & allied products	23,494	23,530	21,393
Chemical & allied products	28,541	28,880	24,303
Petroleum products	9,581	10,082	8,100
Stone, clay & glass products	21,008	21,181	19,564
Coke	9,447	8,337	8,348
Metals & products	27,208	29,357	25,534
Motor vehicles & equipment	28,252	28,026	24,601
Waste & scrap materials	17,355	16,741	14,689
Forwarder & shipper assn. traffic	11,418	10,701	10,190
All other carloads	66,672	64,110	56,311
LCL traffic	494	555	488
Total cars loaded	**553,210**	**546,842**	**486,240**
Cumulative total, 49 weeks	1973		1972
	25,931,363		24,734,612
Estimated revenue ton-miles (billions) 49-weeks	803.2		736.9

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Dec. 1 totaled 32,523 cars (17.9% above the corresponding week last year) and 54,245 trailers or containers (up 14.5% from 1972). Cumulative volume for the first 48 weeks of 1973 is 1,423,985 cars (up 15.9% from last year) and 2,464,907 trailers or containers (up 18.7% from 1972).

IN CANADA

9 days ending	Tons of Revenue Freight	Cumulative Totals
Nov. 30, 1973	6,611,966	220,856,341
Nov. 30, 1972	6,441,440	194,741,994

● *American Electric Power Service Corp.*—Ordered an additional 500 hopper cars from Bethlehem Steel, making a total of 1,500 to be built for AEP by Bethlehem Steel and 500 by Greenville.

● *Chicago & North Western.*—Ordered 1,000 100-ton 4,750-cu-ft-capacity covered hopper cars from Pullman-Standard at a cost of about $18.6 million.

● *Family Lines.*—The four railroads comprising this system (Seaboard Coast Line; Louisville & Nashville; Clinchfield; Georgia), have ordered, 3,500 piggyback trailers.

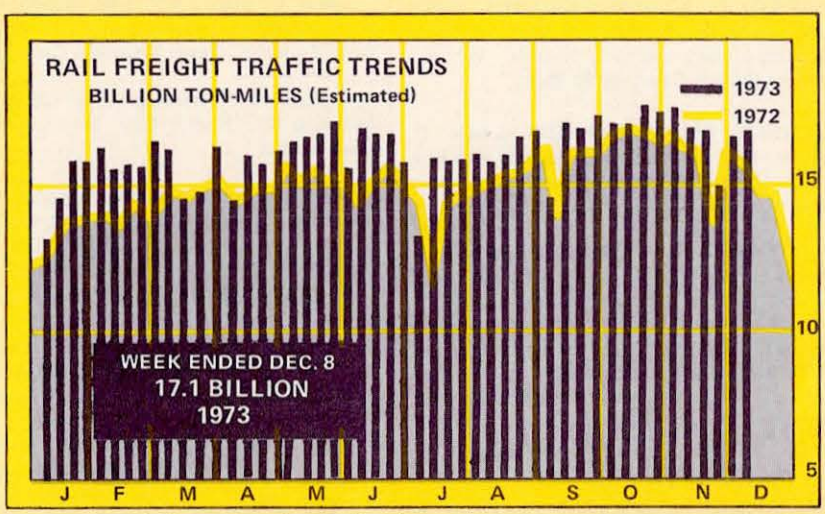
● *Integrated Container Service.*—ICS, a subsidiary of Interway Corp., has agreed in principle to purchase from Seatrain Lines approximately 2,800 aluminum, 40-ft, intermodal freight containers made in 1969-70. Deliveries are to be completed by the end of April 1974. The purchase is part of Interway's 1974 equipment-acquisition program expected to total $70 million.

● *Louisville & Nashville.*—Ordered 20 3,000-hp SD40 diesel-electric units from EMD and 20 2,250-hp U23B units from GE for delivery to begin in February. Total cost of the order will be $12,750,000.

● *Soo Line.*—Largest single equipment authorization in Soo's history calls for acquisition of 20 diesel-electric units and 665 freight cars in 1974-75 at a cost of almost $20 million. On the list are 20 3,000-hp locomotives, 200 100-ton, 4,700-cu-ft-capacity covered hopper cars; 100 100-ton open top hopper cars; 50 100-ton, 53½-ft flat cars; 50 100-ton 52½-ft high-side gondolas; and 265 70-ton, 50-ft box cars.

● *Southern Pacific.*—Ordered 1,300 50-ft, 70-ton box cars from FMC's Marine and Rail Division at a cost of more than $25 million. Cars will be equipped with 16-ft double doors and most will be equipped with cushion underframe. Deliveries will begin in January and continue at a rate of about 18 cars a day.

● *Trailer Train.*—A $43.5-million program for acquisition of 1,956 flat cars has been approved by TTX directors. Orders for the cars will be placed with Bethlehem Steel, Pullman-Standard, Amcar Division of ACF Industries and Thrall Car. Included are 600 intermodal cars for transporting piggyback trailers, 1,181 new automobile and auto frame carriers and 175 specialized cars for hauling lumber and steel products.



Source: Association of American Railroads

People in the News

BALTIMORE & OHIO.—**Hays T. Watkins** elected vice chairman and chief executive officer, a new position. **John W. Hanifin** elected president, succeeding Mr. Watkins. **Gregory S. DeVine** continues as chairman. On Oct. 5 Mr. Watkins became chairman and chief executive officer of **Chesapeake & Ohio** and **Chessie System.** At that time Mr. Hanifin became president of Chessie System and C&O.

CHICAGO & EASTERN ILLINOIS.—**William G. Taylor,** assistant vice president-pricing and divisions, **Missouri Pacific-Texas & Pacific,** also named to that position for **C&EI.**

ILLINOIS CENTRAL GULF.—**Herbert L. Williams,** assistant vice president-operations, named chief transportation officer. **David L. Gunn,** director of operations research, appointed assistant vice president-operations planning.

LOUISVILLE & NASHVILLE.—**Carl A. Love,** chief mechanical officer-equipment, named assistant vice president-mechanical, Louisville.

R.M. Spicer, assistant superintendent, Evansville division, named division superintendent.

MANUFACTURERS RAILWAY—ST. LOUIS REFRIGERATOR CAR CO.—**Roy W. Chapman,** vice president and treasurer, St. Louis, named president, effective Jan. 1, 1974, succeeding **Ralph W. Schmidt,** retiring after more than 24 years of service with these companies. Mr. Schmidt, who was president and general manager, will be retained as a consultant. **George K. Bennett,** vice president, named executive vice president.

MISSOURI-KANSAS-TEXAS.—**William L. Dorcy,** vice president-Executive Department, Denison, Tex., has been appointed vice president-marketing, in charge of the market development and rates section, Sales & Services Department, St. Louis, Mo.

MISSOURI PACIFIC-TEXAS & PACIFIC.—**Jack N. Sanders,** assistant vice president-traffic, retired Dec. 1 after more than 46 years' service.

NORFOLK & PORTSMOUTH BELT LINE.—**Thomas B. Hale,** assistant engineer, appointed chief engineer, Norfolk, Va., succeeding the late **Courtney M. Bell.**

PACIFIC FRUIT EXPRESS.—**Lewis D. Schley,** vice president and general manager, retires Dec. 31 after more than 50 years of railroad service.

PITTSBURG & SHAWMUT.—**Lloyd B. Mohney,** vice president of transportation, Kittanning, Pa., has been relieved of his railroad responsibilities, at his own request in order that he might devote his time to his new duties as vice president, Shawmut Development Corp. **John Reale,** traffic manager, appointed vice president-traffic and transportation. **Thomas H. Myers,** trainmaster, appointed superintendent of transportation.

RICHMOND, FREDERICKSBURG & POTOMAC.—**William E. Turner,** vice president-traffic, Richmond, retired Nov. 1, after 48 years of railroad service. **Rupert H. Rose,** general manager freight sales, has assumed all responsibilities in the area of freight sales and service.

William F. Michie, Jr., assistant manager freight sales, appointed manager freight sales, Richmond, Va.

ROCK ISLAND.—**Robert J. Orrico,** assistant vice president-traffic, Chicago, appointed assistant vice president, with headquarters in New York and Washington, D.C.

E. Clair Roth named regional sales manager, Memphis, Tenn., to succeed **R.R. Penney,** retired.

Charles R. Sheets appointed manager of market development. Marketing managers named are **John E. Tolin,** food products; **Donald S. Chisholm,** chemicals and petroleum; **Newell J. Nessen,** grain and grain products; **Robert B. Fredrickson,** paper and paper products; **Jerry D. Harris,** ores, minerals and aggregates. **Joseph N. Horvath** becomes manager market research. The above will have headquarters at Chicago. **Leonard E. Peterson** named manager-automotive and farm equipment traffic, Detroit; **James S. Stobie,** manager-wood and lumber traffic, Portland; **Lawrence J. West,** manager-fresh fruits and vegetable traffic, Salinas, Calif.

Gary W. Widell, manager of mechanical engineering and research, Kansas City, Kans., named executive assistant in the executive department.

SUPPLIERS

E. Preston Calvert, vice president, public relations and advertising, Transportation Equipment Group, **Pullman Incorporated,** has been promoted to vice president, public relations and advertising for the corporation.

Keith L. Jackson, director of engineering, **GSI Engineering Division, General Steel Industries, Inc.,** has been promoted to general manager of the division, to succeed **Douglas G.K. Wilmot, resigned.**

John E. Flynn, has been named to the newly created position of vice president and general counsel, **North American Car Corp.**

Donald H. Flowers has joined **ISCO Manufacturing Co.,** Kansas City, Mo., as product line manager.

Roger G. Munck has been appointed sales coordinator for **Microphor,** Willits, Calif. Mr. Munck was previously Northern California factory representative for Kester Solder Co. and Eubanks Engineering.

George L. Green, executive vice president in charge of transportation equipment divisions, **Pullman Incorporated,** and a member of the board of directors, has retired after more than 21 years' service. Mr. Green will continue to serve the corporation as a consultant.

John R. Archer has been named service manager, Diesel Division, **General Motors of Canada Limited,** London, Ont., with responsibility for locomotive, marine and industrial service.

William L. Dorcy
M-K-T

E. Preston Calvert
Pullman

Paul Dean has been promoted to general manager of **TOFC,** a division of **Fruehauf Rental Equipment, Inc.,** at Marietta, Ga. Mr. Dean was formerly in charge of sales and marketing. **George Wagner,** midwestern regional sales manager, Chicago, has been promoted to director of leasing development of TOFC at Marietta. **Al Baumgartner,** district sales manager, St. Louis, succeeds Mr. Wagner at Chicago.

Charles L. Fernandes has been appointed director of safety and instruction, **Realco Services Incorporated.**

John M. Guidera has been appointed director of marketing, Railway Lease Division, **Firstmark Morrison, Inc.,** of Buffalo, N.Y. Mr. Guidera will operate out of Radnor, Pa., a Philadelphia suburb. He has had over 18 years experience in the building and leasing of freight cars for the railroad industry.

Charles M. Terry Pty. Limited has been appointed exclusive sales representative for Australia for **Safetran Systems Corp.,** Minneapolis, Minn.

Theodore Ulrich has been appointed general sales manager-industrial/export, **Edison Battery Division, McGraw-Edison Co.,** Bloomfield, N.J. Mr. Ulrich was formerly president of **Nife Incorporated,** Copiague, N.Y.

INDUSTRIAL TRAFFIC

Richard G. McBride has been named manager of traffic, **Amcar Division, ACF Industries,** New York, succeeding **Stephen McDermott,** retired. Mr. McBride was formerly Amcar traffic analyst.

Edward R. Kitchen, supervisor, export-import section, **Combustion Engineering, Inc.** Windsor, Conn., has been appointed manager, export/import section.

Harry D. Gobrecht, general manager, transportation and physical distribution, **United States Gypsum Co.,** Chicago, has been named director, transportation and physical distribution.

Roland Ronshausen has been named assistant to the director of transportation, **Out-**

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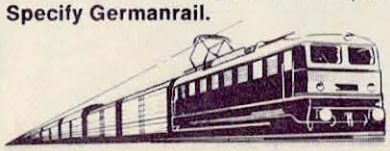

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board Marine Corp. G. Thielmann, administrative assistant in traffic, has been promoted to traffic manager.

Gerald J. Kowalski has been appointed traffic manager, **T.L. Smith Co.,** Milwaukee, Wis., succeeding **Ron M. Rosenbaum,** resigned.

Alan F. Sabol has been named eastern transportation manager, **Weyerhaeuser Co.,** Plymouth Meeting, Pa. **George A. Beauchamp** has been promoted to supervisor of rates. **Thomas J. Tomasco** appointed supervisor of operations. **Joseph Gendoes,** transportation manager based in Plymouth, N.C., will report to Mr. Sabol.

Russell A. Mowell has been named traffic claims supervisor, **Mattel, Inc.,** Hawthorne, Calif.

Jerold C. Belot has been appointed transportation manager-operations, **Kimberly-Clark Corp.,** Neenah, Wis., succeeding **John G. Ringleb,** retired.

Homer C. Davenport has been appointed general traffic manager, **Southwest Forest Industries,** Phoenix, Ariz. He was formerly general traffic manager, **Willamette Industries.**

Mike Gallagher has been appointed manager of distribution, Filter Division, **Purolater, Inc.,** Rahway, N.J. He was formerly manager, traffic and warehousing. **John F. Kostner,** transportation manager, Mid-West Region, **Lever Brothers Co.,** New York, has joined Purolator as traffic manager, Filter Division.

John Dodge, general manager of transportation, **Weyerhaeuser Co.,** Tacoma, Wash., has been promoted to vice president-transportation.

Joseph F. Heagerty general traffic manager, **Baltimore Paint & Chemical Corp.,** Baltimore, Md., has been appointed transportation manager.

OBITUARY

Courtney M. Bell, chief engineer, **Norfolk & Portsmouth Belt Line,** Norfolk, Va., died Oct. 28.

Harold C. DeBerg, 58, general roadmaster, **Chicago & North Western,** died Dec. 5 in Northwest Community Hospital, Arlington Heights, Ill.

Elmer Hart, 90, who retired in 1953 as comptroller, **Pennsylvania** (now Penn Central), died Dec. 1, at his home in Bala Cynwyd, Pa.

James W. Smith, 47, vice president of sales, **Keystone Railway Equipment Co.,** died Nov. 11 at his home in Camp Hill, Pa.

William E. Umstattd, 79, chairman of the Executive Committee of the Board of Directors, **Timken Co.,** died Dec. 1. He had been president of Timken from 1934 to 1959.

Robert C. Winchester, 68, who retired in December 1969, as vice president-traffic, **Lehigh & Hudson River,** Warwick, N.Y., died Dec. 11.

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Circle 10 on coupon page 37

Advertisers Index

Abex Corporation 24-25
ACF Industries, Inc. 4, 11
Atlantic Richfield Company 12

Cardwell Westinghouse Company 23
Chicago, Milwaukee, St. Paul & Pacific RR. Co. 36

FMC Marine & Rail Equipt. Div. 39
FreightMaster 3

German Federal Railroad 44
Greenville Steel Car Co. 14-15

Illinois Central Gulf RR 17

K Line 6

North American Car Corp. ..... IBC

Realty Hotels (Commodore Hotel) 44
Rockwell International ..... BC

The Sea View Hotel 40
Southern Pacific Transportation Co. 9
Southern Railway System 28-29

The Timken Company 34-35

United Railway Supply Co., Ltd. ..... IFC
United States Steel Corp. 20-21

Vapor Corp. 43

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Viewpoint

Unanimity on the energy crunch

Anybody who has read a newspaper or watched television over the past several weeks—or driven his car on certain major highways at certain times—is well aware of what truck drivers have been doing to protest the energy crunch and its effect on them.

Far more sensible and far more responsible—but far less sensational and, therefore, far less publicized in the mass media—has been railroad labor's "protest," which has been, in fact, just one more demonstration of the fact that railroads, their employees and the employees' organizations are more united than they're commonly credited for being.

Two cases in point: Brotherhood of Locomotive Engineers President Charles J. Coughlin's statement on energy and the railroads and United Transportation Union President Al H. Chesser's "white paper" on the situation. On a number of issues, BLE and UTU don't agree with each other, let alone agreeing with management. But on the energy situation, there is a unanimity—and it is indeed a pity that thoughtful approaches such as those taken by Coughlin and Chesser play a second- or even third-fiddle to the "newsmaking" of the truckers.

BLE's Coughlin puts it simply, calling attention to the fuel efficiency of the railroad and making his point this way: "Does it not follow, that the railroad industry is in excellent position to provide the means of moving the goods and the people with a minimum expenditure of our dwindling fuel supplies? With this in mind, I find it difficult to understand those members of Congress who seem to feel that measures designed to help the railroads keep from falling apart are little more than self-serving bids by rail management and labor to saddle the taxpayers with the bill for preserving the status quo. This nation needs its railroads, and the railroads need their loyal, hard-working employees. Just how great this need really is will be demonstrated in the coming weeks and months as the effects of the fuel crisis continue to make ever-more painful cuts into the fabric of our civilization. A critical shortage of fuel means it is vital that each gallon be used in the most economical way. To me, that means the railroads. Does anyone know a better way?"

"THIS MAY BE OUR LAST CHANCE"

UTU's Chesser makes the point at greater length, but the conclusion is the same: "Our problem has been made clear. So has the solution. And now is the time to do something about it. Each of us has his own special field of endeavor and knowledge. The fuel shortage is a common problem, however, and it will take cooperative action to resolve it. The answer? We should all take positive action—each in his own way—to promote and support a 'Return-to-the-Rails' to help us through the energy crisis and at the same time revitalize one of our most important national assets, our rail transport system. We should do it now, while we can—because this may be our last chance."

Self-serving, self-interest declarations on the part of these union leaders? Not really. What they're saying is what rail management has been saying, what Railway Age has been saying, what anybody with both the short and long-range view of the good of the economy has been saying. In its shortest and most simple terms, (1) this nation exists because of transportation; (2) in a fuel crunch, transportation must continue; and (3) railroads are the economic/efficient mode.

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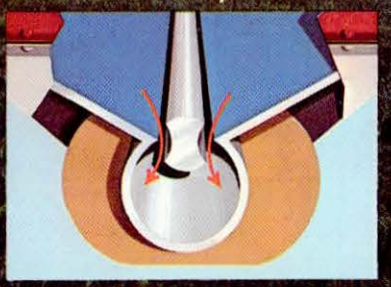

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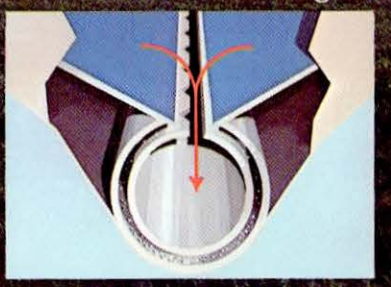

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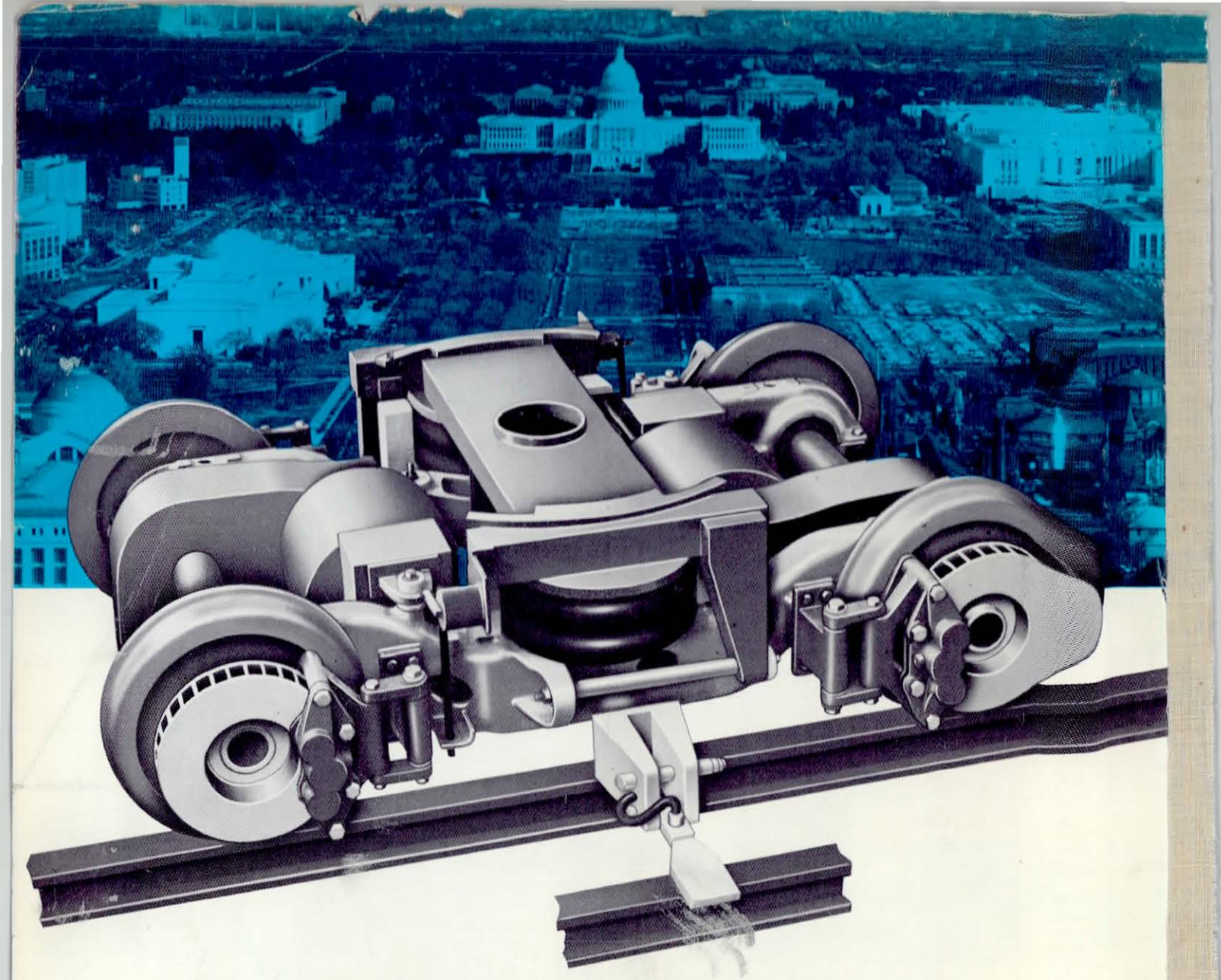

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